EXHIBIT 1

From: Karmazin, Mel
Sent: Monday, October 27, 2008 11:37 AM
To: Ortega, Lydia
Subject: FW: Out Year Model v6.xls
Attachments: Out Year Model v6.xls

print

From: Frear, David
Sent: Sunday, October 26, 2008 9:12 AM
To: Karmazin, Mel
Subject: FW: Out Year Model v6.xls

Jennifer and I reviewed this yesterday. I suggested adding a $2 price increase on primary subs in Q3 '11, refinancing the 2009 maturities, paying off later maturities as they come due and incorporating GM synergies in to 2012-3. The XM model still shows GM under the deferral theory discussions they were having last spring. There are several other things we are chasing down, including conversion assumptions in the out years. It's good enough to give you a sense of where we're headed. We'll tighten it up today and tomorrow.

From: Washecka, Michael [mailto:Michael.Washecka@xmradio.com]
Sent: Friday, October 24, 2008 6:42 PM
To: Frear, David
Cc: Campbell, Jennifer; Fay, Steven; Miao, Richard
Subject: FW: Out Year Model v6.xls

David –

Steve and I just reviewed the outputs of the long-term model with Jennifer. She asked that we send you a soft copy and highlight a few key points:

- There are no additional rate increases beyond the Family Plan and Streaming rate increases currently planned for 2009. This could be an upside opportunity in the out-years.
- Sound Exchange rates continue to increase at 0.5% per year through the 2012 expiration of the current agreement. We assume that 2013 will also increase by 0.5% as a placeholder.
- You will notice that XM SAC declines between 2009 and 2011 as a result of GM contract synergies. SAC returns to "normalized" levels in 2012 as the synergy benefits end.
- There are $60M in additional cost synergies in 2011 and $30M in 2012. These synergies are primarily in Programming and timed with the expiration of several major agreements including NFL, Stern, and NASCAR.
- Please note that from a P&L geography perspective, the CRB Recapture and CRB Pass-Through are included in Other Revenue in both models.
- All maturing debt is assumed to be refinanced at existing terms. Per your feedback to Rich earlier today, we will retire several of the facilities upon their maturities with the excess cash in the model.
- We assume no additional improvement in the working capital assumptions beyond 2010.
- All satellite CapEx included in the plan is contractual in nature.

Please let me know if you have any questions,

Mike Washecka

 SXM01202516

EXHIBIT 2

From: Brooker, Catherine
Sent: Tuesday, September 15, 2009 9:00 PM
To: Wood, Brian
Subject: RE: Pricing project

Brian:

I just sent a note to David and Pat. I'll forward to you. There is a difference of a year between the two methodologies. Take a look at the note, and let me know if you have questions.

-Cathy

From: Wood, Brian
Sent: Tuesday, September 15, 2009 4:31 PM
To: Brooker, Catherine
Subject: RE: Pricing project

Cathy,
Thanks,
This stuff is pretty complicated what with cash versus GAAP and a mix of % and per sub calculations. Approximately $1.50 should be close enough for now.
Have you figured out a revised date for when the pool is full?
Brian

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From: Brooker, Catherine [mailto:Catherine.Brooker@siriusxm.com]
Sent: Tuesday, September 15, 2009 4:14 PM
To: Wood, Brian
Cc: Ostrovsky, Eleanor
Subject: RE: Pricing project

Brian:

See calc below. I think this fairly represents how we would model the full recovery of royalties on a primary post 8/1/2011 assuming that rate went to $14.95. It will be slightly off because of ad sales, so if you want to round up to ~$1.50, that would be ok. SESAC is allocated based on the total number of subscribers in 2011.

Calculation of Rates based on Estimated Aug 2011 Pricing (100% Recovery of Royalties)

Primary	Rate	Pre '72 Adj	Other Adj		Primary Rate	Net Rate
RIAA	7.50%	10.75%	2.44%		$14.95	$0.97
ASCAP	1.44%		15.00%		$14.95	$0.18
BMI	1.44%		15.00%		$14.95	$0.18
SESAC						$0.02
Total						$1.36

Royalties on MRF						
RIAA	7.50%	10.75%	2.44%		$1.36	$0.09
ASCAP	1.44%	0.00%	15.00%		$1.36	$0.02
BMI	1.44%	0.00%	15.00%		$1.36	$0.02
SESAC	0.00%	0.00%	0.00%			
Total	0.00%	0.00%	0.00%			$0.12

Total MRF for 100% Recovery $1.48

-Cathy

From: Wood, Brian
Sent: Monday, September 14, 2009 10:59 AM
To: Brooker, Catherine
Subject: RE: Pricing project

Hmmm. It would seem cash collected but really your issue.
I still need confirmation of what a sub would be paying based on actual price, not ARPU after 8/1/2011. Can you plan on getting that to me tomorrow also? Thanks!

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From: Brooker, Catherine [mailto:Catherine.Brooker@siriusxm.com]
Sent: Friday, September 11, 2009 3:43 PM
To: Wood, Brian
Subject: RE: Pricing project

In that case, hopefully I will NOT get invited to the offsite.

I had a conversation with David on the reporting and a couple of other items around MRF. I have a few follow ups which are going to take me a couple of days. Once I have all my information together, hopefully sometime Tuesday afternoon, I'll provide you with an update. The single biggest item that I'm researching is whether we should be measuring our recovery of the pool based on earned (GAAP) MRF or cash collected? Everything Matt has done to date has been based on GAAP, so a decision to go with cash collected could have a big impact on the recovery date.

-Cathy

From: Wood, Brian
Sent: Friday, September 11, 2009 2:13 PM
To: Brooker, Catherine
Subject: Pricing project

BTW,
Jim and I had a discussion this AM where he basically suggested that we come into the offsite with an in your face proposal to drop tiered programming, keep and use MRF as part of pricing strategy, raise the base price to $14.95 and so on as we discussed. I am planning on wearing my leather motorcycle jacket and full face helmet.
Thanks for all your help this week!!

☺

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EXHIBIT 3

From: Wood, Brian
Sent: Monday, November 16, 2009 7:47 PM
To: Witz, Jennifer
Subject: Pricing 2011
Attachments: Revised and condensed Pricing 2011 Final 2.ppt

Jennifer,
This was prepared for Mel's offsite but wasn't presented. It is a strawman for 2011 pricing. David has a copy.
Also, I met with Joe and his team about their ideas. They generally fall into two categories.

- A "house license" for subscribers with three or more radios.
- Charging full price for all subscriptions but giving a percentage off for subscribers with two or more radios.

Cathy Brooker has been working with me on this project and is taking a stab at the "house license" idea.

I sent a note out to Joe on the percentage off idea which might work but gets really complicated when one adds or subtracts a radio mid-term. (I'll forward the note separately)

The real simplification is of course to move everyone to monthly. If we assume a price increase in 2011 the 2 and 3 year term plans are over $300 and $440 respectively. (assumes $14.99 plus about $1.50 MRF).
While this could result in some sticker shock and reduced term lengths, I personally don't think we will have the appetite to abandon longer term plans.

Looking forward to your input.

Brian

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Packages and Pricing Outlook 2011

Events:

•Price/package restrictions may expire 7/29/2011

•Music Royalty Fee may be reduced in 2011

SIRIUS | XM SATELLITE RADIO

Tentative observations

- Music Royalty Fees (MRF)
  - Limited effect on cancellations relative to financial impact
  - Possible to charge the full cost of music rights post 8/2011
    - Approximately $1.50 on $14.95
  - Permanent part of pricing strategy

- Programming packages
  - Current package structure has been a limited success
    - About 6% of current subs; 12-15% of new subs choose “Best Of”
  - Adds substantial complexity to business model
  - Best use of premium channels (Stern, NFL, NBA. Martha, etc) may be to drive subs across both platforms and to justify a higher price point
  - $9.99 packages as currently constructed have not driven additional volume at scale

SIRIUS | XM
SATELLITE RADIO

Integrated Sirius/XM Offering

Strawman

- Fully integrated Sirius/XM offering in 2011:
  - One channel line up with mostly aligned channel numbers
  - Common set of packages and pricing
  - Cross platform discounting
- Challenges:
  - Effective price reduction of about $1.00 when MRF pool is recouped
    - Offset about ½ of this amount by going to full music royalty recovery
  - It may be painful to take key programming away from current subs
    - Howard Stern, NFL, NASCAR are currently in base package on Sirius
    - NBA, Oprah and O&A are in base package for XM
    - MLB play by play is in base XM package and not available on Sirius
  - Execution of premium packages on Sirius platform requires availability of "blocked channels" or hitting all radios
  - Population of limited radios (128 channel, channel limited Chrysler and Mercedes vehicles)

SIRIUS SATELLITE RADIO | XM

Post 6/2011 pricing

Strawman

- Packages:
  - Create one package that includes all channels for $14.99
    - Use addition of “best of” channels and cross platform discounts to justify price increase
  - Create a viable package priced at $9.99
  - Continue Family Friendly versions of both.
- Implement cross platform discounting
  - Sirius and XM subscriptions on same account are a key to a customer centric view. (financial review required)
  - Increase second radio price to $9.99 to offset cost
- Mobility and other services
  - Maintain additional fees for Internet and Mobile access
  - Maintain/develop new services for additional fees.
- Maintain Music Royalty Fee
  - Increases/decreases automatically as rates change

EXHIBIT 4

SIRIUS | XM
SATELLITE RADIO

MRF UPDATE – July 8, 2010

Refresher on MRF & Pool Calculation

What/Who do we charge?

•$1.98/$.97 per month pricing applied to primary/multi subscriptions beginning July 29, 2009. Multi year discounts apply. MRF is applied to discounted plans at the same percentage as full priced plans. Classes of subscribers/revenue excluded from MRF:

1. Prepaid trial
2. News, Sports, Talk programming package
3. Commercial subscribers
4. Streaming
5. “Best Of” portion of revenue
6. Subscribers who have not had a billing event since implementation
7. Anyone on Lifetime as of the implementation will never be billed MRF even though they contribute to GAAP royalty expense each month.
8. Anyone placed on a “grace” package, through the duration of the package

**See additional detail on exclusions from the pool in Appendix A*

Refresher on MRF & Pool Calculation (cont.)

What are we trying to recover?

- We are recovering historical increases in GAAP royalty expense since the filing of the merger (March 2007) through implementation of MRF (July 29, 2009).
- We are also recovering the current month's increased royalty expense for periods post implementation.
- Baseline for calculating historical and current amounts is the average monthly GAAP royalty expense in Jan/Feb of 2007. Example:
  - *Average monthly GAAP royalty expense Jan/Feb 2007 = $100
  - *Dec 2009 expense = $200
  - *Amount added to the pool to recover = $100

How much are we recovering?

- Historical pool calculated at ~$180mm.
- When we responded to the FCC, we had actual royalty expense through Q110, and the current portion of increased costs averaged ~$8.8mm per month for that period. We are forecasting that the increased royalty expense will average ~$9.9mm per month in 2010.

**See calculation of the historical pool in Appendix A*

How do we measure when we have recovered the entire pool (historical and current amounts)?

- Recovery of the pool is measured using earned revenue (GAAP), net of estimated uncollectable amounts (bad debt and credits).

Measuring Recovery of the Pool – GAAP Basis

We expect to fully recover the historical and current period increases in royalty expense sometime in Q3 of 2011. Timing may vary depending on the number of subscribers and programming package subscriptions.

	Act	*Act*	*Act*	*Q2 Fcst*	*Q2 Fcst*	*Q2 Fcst*	*Est*	*Est*	*Est*	
Total Company (in thousands of $s)	**Q309**	**Q409**	**Q110**	**Q210**	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	(1)
Beginning MRF Pool	$180,206	$182,948	$172,425	$152,462	$128,248	$102,273	$72,873	$42,886	$12,388	
Additions to the Pool (3)	$14,238	$25,200	$26,546	$29,364	$31,163	$32,144	$35,785	$38,277	$41,716	
MRF Revenue Earned (net) (2)	($11,496)	($35,723)	($46,508)	($53,579)	($57,138)	($61,543)	($65,772)	($68,776)	($72,412)	
Ending MRF to Recover (4)	$182,948	$172,425	$152,462	$128,248	$102,273	$72,873	$42,886	$12,388	($18,308)	

Notes:

(1) Royalty expense and earned revenue are actualized through May 2010. Remainder of 2010 represents most recent forecast. 2011 is an estimate based on 2010 jump off.
(2) Uncollectible amounts are estimated at 3% of earned revenue.

(3) Estimated royalties in 2011 are affected by the increase in the Sound Exchange rate.
(4) Recovery estimated to occur in August 2011. In previous estimates, it has not occurred earlier than June of 2011, or later than August of 2011.

Sound Exchange is currently auditing historical payments. There is no way to predict the timing or amount of a settlement, if any, arising from the audit. Any settlement could adjust the timing of the recovery.

Other considerations in measuring the recovery…

We have reviewed our methodology for measuring recovery of the MRF pool on a GAAP basis with internal and external counsel. Both have advised that they believe the methodology to be reasonable.

- If a customer selects an annual plan, then we bill and collect 11 months of MRF, just as we bill and collect 11 months of the subscription. We earn MRF revenue, however, consistent with the way we earn prepaid subscription revenue, one month at a time, with the unearned component comprising a deferred revenue liability, refundable at any time.
- GAAP royalty expense and payments are calculated based on GAAP revenue, not cash amounts billed or collected.
- GAAP is the cleanest, most auditable way to measure the recovery as it contains the least amount of estimation.

An alternative method for measuring the recovery is on a billed or collected basis. While variability in subscribers and subscription packages may change our estimates, we currently believe that the recovery would not be materially accelerated using a billed/collected methodology.

Post Recovery Rate Analysis

We will presumably lower the rate after we have fully recovered historical and current period increases in royalty expense. What we would drop it to is dependent on the following:

- Regulatory Sound Exchange rate. Rate moves from 7% in 2010 to 7.5% in 2011 and to 8.0% in 2012.
- Our base service pricing. Our LRP contains multiple scenarios, one of which assumes a $2 rate increase on primary subscribers in August of 2011, taking the rate from $12.95 to $14.99. Final pricing decisions are pending.
- Whether we fully recover the current month's royalty expense rather than just the increase over Jan/Feb '07 royalty expense.

Assuming we plan to recover 100% of the current month's royalty expense, the rate would have to adjust again in January 2012.

Post Recovery Rate Analysis (cont.)

Depending on our base rate, a straight pass through of monthly royalty expense would mean an 18%-28% decline in the MRF rate billed, beginning August 2011:

Scenario 1	Mix	Subsc. Rate	Royalty Exp % Revenue	MRF Rate	% Self Pay No MRF	Effective MRF Rate	Current MRF Rate	% Decline
Primary	85%	$14.99	9.2%	$1.37	14%	$1.59	$1.98	20%
Multi	15%	$8.99	9.2%	$0.82	14%	$0.95	$0.97	2%
Blend	100%					$1.50	$1.83	18%

Scenario 2	Mix	Subsc. Rate	Royalty Exp % Revenue	MRF Rate	% Self Pay No MRF	Effective MRF Rate	Current MRF Rate	% Decline
Primary	85%	$12.95	9.2%	$1.19	14%	$1.37	$1.98	31%
Multi	15%	$8.99	9.2%	$0.82	14%	$0.95	$0.97	2%
Blend	100%					$1.31	$1.83	28%

As of May 2010*	
Lifetime	6%
3+ Years	6%
Other	2%
Total Estimate	14%

*Mix excludes stand alone streaming and data subs.

MRF rates for Primary/Multi subs can move up or down so long as the overall average remains the same.

Appendix

Appendix A – Additional Details on the Pool (Sirius)

	1/07 - 2/07	3/07 - 7/09		2010	2010*
	Avg Expense	Avg Expense	**Total Initial Pool**	Avg Expense	Incremental to Pool per month
Sirius					
Broadcasting - ASCAP	759,990	1,105,283	9,956,127	1,052,604	292,615
Broadcasting - BMI	759,990	1,107,265	10,013,588	1,062,954	302,964
Broadcasting - SoundExchange	2,279,250	4,212,252	57,190,841	5,573,858	3,294,608
Broadcasting - SESAC	124,765	112,465	(356,688)	135,998	11,233
Subtotal			**76,803,868**		**3,901,419**
Excluded:					
Webstreaming	340,834	364,168	645,636	300,125	(40,709)
AMTC	-	23,618	684,925		
SPRINT	132,994	32,077	(2,898,214)	9,676	(123,318)
ECHOSTAR	48,061	86,067	1,099,106	75,535	27,474
Subtotal			**(468,547)**		**(136,553)**

Appendix A – Additional Details on the Pool (XM & Total)

	1/07 - 2/07 Avg Expense	3/07 - 7/09 Avg Expense	Total Initial Pool	2010 Avg Expense	2010* Incremental to Pool per month
XM					
Broadcasting - ASCAP	942,883	1,085,340	4,119,429	1,268,946	326,063
Broadcasting - BMI	941,916	1,081,297	4,033,750	1,147,149	205,233
Broadcasting - SoundExchange	1,666,667	4,955,851	95,386,357	6,064,109	4,397,442
Broadcasting - SESAC	131,361	126,003	(137,697)	149,940	18,580
Subtotal			**103,401,839**		**4,947,318**
Excluded:					
Webstreaming	232,244	316,278	2,229,512	165,853	(66,391)
Commercial	124,565	72,143	(1,524,956)	5,154	(119,411)
AOL	146,818	125,230	(807,647)	-	(146,818)
Airlines	79,962	54,328	(744,625)	19,775	(60,187)
DTV	250,000	178,029	(2,087,166)	135,528	(114,472)
Subtotal			**(2,934,883)**		**(507,280)**
Grand Total Sirus XM Initial Pool			**180,205,707**		

*Avg monthly incremental expense added to the pool is ~$8.8mm as of Q1 2010. Avg will increase to $9.9mm by year end.

EXHIBIT 5

SXM 13598140
Recovery Est- Earned $2 Tab

Music Recovery Fee
Recognized Revenue - Based on Jan/Feb 2007 Accruals[1]
$s in 000s

		Act Aug-09	*Act* Sep-09	*Act* Oct-09	*Act* Nov-09	*Act* Dec-09	*Act* Jan-10	*Act* Feb-10	*Act* Mar-10	*Act* Apr-10	*Act* May-10	*Act* Jun-10	*Act* Jul-10	*Act* Aug-10	*11 Budg: 9/24LD 2010* Sep-10	*11 Budg: 9/24LD 2010* Oct-10	*11 Budg: 9/24LD 2010* Nov-10	*11 Budg: 9/24LD 2010* Dec-10	*11 Budg: 9/24LD 2010* Jan-11	*11 Budg: 9/24LD 2010* Feb-11	*11 Budg: 9/24LD 2010* Mar-11
Sirius Recognized Revenue																					
Chargeback: 3/07 - 7/09		$76,804																			
Previous Month's MRF Balance		$0	$78,507	$78,465	$77,542	$76,224	$75,703	$73,794	$71,378	$67,714	$64,891	$61,448	$57,806	$54,306	$50,257	$45,984	$41,516	$37,137	$33,382	$30,076	$27,110
Current Month Royalty Accrual																					
RIAA															$5,875	$6,080	$5,973	$6,014	$6,461	$5,919	$6,430
ASCAP															$1,260	$1,298	$1,277	$1,299	$1,295	$1,197	$1,302
BMI															$1,235	$1,273	$1,251	$1,272	$1,269	$1,169	$1,273
SESAC															$142	$142	$142	$142	$150	$150	$150
Web																					
All Other																					
Total Current Month Royalties		$7,213	$7,001	$7,153	$7,148	$8,764	$8,306	$7,672	$7,498	$8,438	$8,423	$8,370	$9,153	$8,764	$8,512	$8,793	$8,643	$8,727	$9,175	$8,435	$9,156
Check															-	-	-	-	-	-	-
Total/Month from Jan/Feb 2007		($3,924)	($3,924)	($3,924)	($3,924)	($3,924)	($3,924)	($3,924)	($3,924)	($3,924)	($3,924)2)	($3,924)2)	($3,924)2)	($3,924)2)	($3,924)2)	($3,924)2)	($3,924)2)	($3,924)2)	($3,924)2)	($3,924)2)	($3,924)2)
Current Month Increased Cost Pool		$3,289	$3,077	$3,229	$3,224	$4,840	$4,382	$3,748	$3,574	$4,514	$4,499	$4,446	$5,229	$4,840	$4,588	$4,869	$4,719	$4,803	$5,251	$4,511	$5,232
Self Pay Subs - EOP																					
Primary		5,159	5,187	5,215	5,243	5,311	5,315	5,366	5,407	5,442	5,497	5,497	5,575	5,617	5,675	5,713	5,764	5,828	5,846	5,870	5,889
Multi		1,380	1,372	1,363	1,355	1,353	1,335	1,325	1,315	1,307	1,304	1,285	1,298	1,294	1,290	1,283	1,276	1,268	1,263	1,263	1,262
Check		-	-	-	-	-	-	-	-	-	-	(61)	-	-	-	-	-	-	-	-	-
Monthly Chargeback																					
Primary ($1.98/month)																					
Multi ($.97/month)																					
Total Music Recovery Fee Recognized		($1,586)	($3,119)	($4,152)	($4,542)	($5,362)	($6,291)	($6,165)	($7,237)	($7,337)	($7,942)	($8,088)	($8,729)	($8,889)	($8,860)	($9,337)	($9,098)	($8,558)	($8,557)	($7,477)	($8,261)
Remaining Sirius MRF		$78,507	$78,465	$77,542	$76,224	$75,703	$73,794	$71,378	$67,714	$64,891	$61,448	$57,806	$54,306	$50,257	$45,984	$41,516	$37,137	$33,382	$30,076	$27,110	$24,081
Self Pay Subs - Avg			6,549	6,568	6,587	6,631	6,657	6,670	6,707	6,736	6,775	6,792	6,827	6,892	6,938	6,980	7,018	7,067	7,102	7,121	7,143
Implied MRF ARPU			$0.48	$0.63	$0.69	$0.81	$0.95	$0.92	$1.08	$1.09	$1.17	$1.19	$1.28	$1.29	$1.28	$1.34	$1.30	$1.21	$1.20	$1.05	$1.16
Subscription Revenue (b/f rebates, act, MRF)			$88,685	$91,268	$87,315	$98,324	$93,093	$84,977	$92,984	$90,142	$94,144	$102,227	$97,536	$96,012	$95,316	$98,213	$96,979	$99,400	$99,642	$92,135	$99,560
Subscription ARPU			$10.12	$10.32	$9.81	$10.95	$10.31	$9.39	$10.20	$9.81	$10.16	$10.88	$10.32	$10.14	$9.99	$10.25	$10.10	$10.34	$10.35	$9.55	$10.25
Rate Increase Impact to Subscription ARPU																					
% Primary (of total EOP)																			61%	60%	60%
% Migrating to $2 Increase	1																		0%	0%	0%
Overall Impact																			$0.00	$0.00	$0.00
Royalties as % of Revenue			7.9%	7.8%	8.2%	8.9%	8.9%	9.0%	8.1%	9.4%	8.9%	8.2%	9.4%	9.1%	8.9%	9.0%	8.9%	8.8%	9.2%	9.2%	9.2%
Royalties as % of (Revenue with MRF)			7.6%	7.5%	7.8%	8.5%	8.4%	8.4%	7.5%	8.7%	8.3%	7.6%	8.6%	8.4%	8.2%	8.2%	8.1%	8.1%	8.5%	8.5%	8.5%
SX % Increase																			7.1%		
SX % of Total Royalties																			30.8%		
Weighted Avg Increase																			2.2%		
Increase																			0.2%		
XM Recognized Revenue																					
Chargeback: 3/07 - 7/09	103,402																				
Previous Month's MRF Balance		$0	$104,936	$104,127	$102,275	$101,034	$95,262	$91,145	$86,843	$81,849	$76,438	$70,083	$64,557	$58,032	$52,687	$46,795	$40,796	$34,829	$28,837	$23,338	$18,102
Current Month Royalty Accrual																					
RIAA															$6,606	$6,879	$6,704	$6,787	$7,514	$6,750	$7,545
ASCAP															$1,267	$1,315	$1,279	$1,330	$1,354	$1,237	$1,382
BMI															$1,255	$1,304	$1,267	$1,318	$1,341	$1,341	$1,341
SESAC															$186	$186	$186	$186	$197	$197	$197
Web																					
All Other																					
Total Current Month Royalties		$7,541	$7,695	$8,671	$9,986	$6,298	$8,570	$8,261	$9,059	$8,807	$8,658	$9,618	$9,468	$10,837	$9,314	$9,684	$9,437	$9,622	$10,407	$9,526	$10,466
Check															-	-	-	-	-	-	-
Total/Month from Jan/Feb 2007		($3,683)	($3,683)	($3,683)	($3,683)	($3,683)	($3,683)	($3,683)	($3,683)	($3,683)	($3,683)2)	($3,683)2)	($3,683)2)	($3,683)2)	($3,683)2)	($3,683)2)	($3,683)2)	($3,683)2)	($3,683)2)	($3,683)2)	($3,683)2)
Current Month Increased Cost Pool		$3,859	$4,012	$4,988	$6,303	$2,615	$4,888	$4,578	$5,376	$5,124	$4,975	$5,935	$5,785	$7,154	$5,632	$6,001	$5,754	$5,939	$6,724	$5,843	$6,783
Self Pay Subs																					
Primary		6,859	6,887	6,926	7,005	7,089	7,105	7,127	7,189	7,249	7,281	7,382	7,465	7,509	7,575	7,651	7,720	7,856	7,929	7,967	8,029
Multi		2,035	2,010	1,979	1,948	1,951	1,918	1,891	1,862	1,853	1,838	1,830	1,820	1,806	1,799	1,790	1,782	1,777	1,772	1,772	1,775
Check		-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Monthly Chargeback																					
Primary ($1.98/month)																					
Multi ($.97/month)																					
Total Music Recovery Fee Recognized		($2,325)	($4,821)	($6,840)	($7,544)	($8,388)	($9,004)	($8,881)	($10,369)	($10,536)	($11,329)	($11,461)	($12,310)	($12,499)	($11,524)	($12,000)	($11,721)	($11,932)	($12,223)	($11,079)	($12,320)
Remaining XM MRF		$104,936	$104,127	$102,275	$101,034	$95,262	$91,145	$86,843	$81,849	$76,438	$70,083	$64,557	$58,032	$52,687	$46,795	$40,796	$34,829	$28,837	$23,338	$18,102	$12,565
Self Pay Subs - Avg			8,895	8,901	8,929	8,997	9,031	9,020	9,035	9,077	9,111	9,165	9,248	9,300	9,345	9,408	9,472	9,567	9,667	9,721	9,772
Implied MRF ARPU			$0.54	$0.77	$0.84	$0.93	$1.00	$0.98	$1.15	$1.16	$1.24	$1.25	$1.33	$1.34	$1.23	$1.28	$1.24	$1.25	$1.26	$1.14	$1.26
Subscription Revenue (b/f rebates, activation, MRF)			$103,435	$102,117	$104,335	$102,094	$103,504	$96,489	$106,242	$102,382	$106,370	$104,547	$107,655	$107,454	$104,631	$108,763	$106,066	$110,248	$112,688	$102,562	$114,031

Subscription ARPU (b/f rebates, activation, MRF)			**$10.65**	**$10.54**	**$10.78**	**$10.51**	**$10.61**	**$9.89**	**$10.88**	**$10.43**	**$10.78**	**$10.48**	**$10.67**	**$10.59**	**$10.25**	**$10.59**	**$10.28**	**$10.58**	**$10.72**	**$9.73**	**$10.76**
Rate Increase Impact to Subscription ARPU																					
% Primary (of total EOP)																			**74%**	**74%**	**73%**
% Migrating to $2 Increase	**1**																		**0%**	**0%**	**0%**
Overall Impact																			**$0.00**	**$0.00**	**$0.00**
Royalties as % of Revenue			**7.4%**	**8.5%**	**9.6%**	**6.2%**	**8.3%**	**8.6%**	**8.5%**	**8.6%**	**8.1%**	**9.2%**	**8.8%**	**10.1%**	**8.9%**	**8.9%**	**8.9%**	**8.7%**	**9.2%**	**9.3%**	**9.2%**
Royalties as % of (Revenue with MRF)			**7.1%**	**8.0%**	**8.9%**	**5.7%**	**7.6%**	**7.8%**	**7.8%**	**7.8%**	**7.4%**	**8.3%**	**7.9%**	**9.0%**	**8.0%**	**8.0%**	**8.0%**	**7.9%**	**8.3%**	**8.4%**	**8.3%**
SX % Increase																			**7.1%**		
SX % of Total Royalties																			**31.6%**		
Weighted Avg Increase																			**2.3%**		
Increase																			**0.2%**		
Total Company Impact (b/f BD & Credits)		**$183,442**	**$182,592**	**$179,818**	**$177,259**	**$170,964**	**$164,939**	**$158,220**	**$149,564**	**$141,328**	**$131,531**	**$122,363**	**$112,338**	**$102,944**	**$92,779**	**$82,312**	**$71,966**	**$62,219**	**$53,415**	**$45,212**	**$36,646**
Total Company Summary w/ Bad Debt/Credits																					
Beginning Balance to Recover		$180,206	$183,560	$182,948	$180,503	$178,306	$172,425	$166,858	$160,591	$152,462	$144,763	$135,544	$126,962	$117,569	$108,816	$99,263	$89,437	$79,715	$70,582	$62,401	$54,755
Additions to Pool		$7,148	$7,090	$8,217	$9,527	$7,456	$9,270	$8,327	$8,949	$9,638	$9,474	$10,381	$11,015	$11,993	$10,219	$10,870	$10,473	$10,742	$11,975	$10,354	$12,015
Earned Revenue	1	($3,911)	($7,940)	($10,991)	($12,086)	($13,750)	($15,295)	($15,045)	($17,606)	($17,873)	($19,271)	($19,549)	($21,040)	($21,388)	($20,384)	($21,337)	($20,819)	($20,489)	($20,779)	($18,556)	($20,581)
Bad Debt/Credits @	3%	$117	$238	$330	$363	$413	$459	$451	$528	$536	$578	$586	$631	$642	$612	$640	$625	$615	$623	$557	$617
Net Earned Revenue		($3,794)	($7,702)	($10,662)	($11,724)	($13,338)	($14,837)	($14,594)	($17,078)	($17,337)	($18,693)	($18,963)	($20,409)	($20,746)	($19,773)	($20,696)	($20,195)	($19,875)	($20,156)	($18,000)	($19,963)
Remaining MRF		$183,560	$182,948	$180,503	$178,306	$172,425	$166,858	$160,591	$152,462	$144,763	$135,544	$126,962	$117,569	$108,816	$99,263	$89,437	$79,715	$70,582	$62,401	$54,755	$46,807
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Reduction of MRF Assuming Full Recovery of Mthly Expense
Total Royalty Expense

% Self Pay Subs on MRF
Total Self Pay Avg Subs
Total Avg Subs on MRF

Implied ARPU Required
Current ARPU
% Change

Grandfathering Rate
% Subs on New Rate
% Subs on Old Rate
% Not on MRF

New Rate
Old Rate
Not on MRF
Required Weighted Average

Actual Rate Charged
Estimated Rate Charged on Old Rates
% Decrease

11 Budg: 9/24LD 2010 Apr-11	*11 Budg: 9/24LD 2010* May-11	*11 Budg: 9/24LD 2010* Jun-11	*11 Budg: 9/24LD 2010* Jul-11	*11 Budg: 9/24LD 2010* Aug-11	*11 Budg: 9/24LD 2010* Sep-11	*11 Budg: 9/24LD 2010* Oct-11	*11 Budg: 9/24LD 2010* Nov-11	*11 Budg: 9/24LD 2010* Dec-11	2009	2010	2011	
$24,081	**$21,098**	**$18,123**	**$15,244**	**$12,284**	**$9,464**	**$6,762**	**$4,042**	**$1,364**	$76,804	$75,703	$33,382	
$6,310	$6,475	$6,391	$6,572	$6,633	$6,518	$6,727	$6,523	$6,736	$0	$23,942	$77,694	
$1,272	$1,310	$1,289	$1,322	$1,337	$1,326	$1,364	$1,324	$1,367	$0	$5,133	$15,704	
$1,242	$1,280	$1,258	$1,290	$1,303	$1,292	$1,329	$1,288	$1,330	$0	$5,032	$15,323	
$150	$150	$150	$150	$150	$150	$181	$181	$181	$0	$568	$1,895	
									$0	$0	$0	
$8,975	$9,215	$9,088	$9,335	$9,423	$9,286	$9,601	$9,315	$9,614	$37,281	$101,299	$110,616	
-	-	-	-	-	-	-	-	-				
($3,924)2)	($3,924)2)	($3,924)2)	($3,924)	($3,924)	($3,924)	($3,924)	($3,924)	($3,924)	($19,620)	($72,721)	($69,059)	
$5,051	$5,291	$5,164	$5,411	$5,499	$5,362	$5,677	$5,391	$5,690	$17,661	$54,211	$63,528	
5,916	5,972	6,033	6,047	6,084	6,148	6,184	6,218	6,292				
1,260	1,261	1,264	1,258	1,253	1,253	1,251	1,247	1,249				
-	-	-	-	-	-	-	-	-				
($8,033)	($8,266)	($8,042)	($8,371)	($8,319)	($8,064)	($8,398)	($8,069)	($8,245)	($18,762)	($96,531)	($98,101)	
$21,098	**$18,123**	**$15,244**	**$12,284**	**$9,464**	**$6,762**	**$4,042**	**$1,364**	**($1,191)**	**$75,703**	**$33,382**	**($1,191)**	
7,164	**7,205**	**7,265**	**7,301**	**7,321**	**7,369**	**7,418**	**7,450**	**7,503**				
$1.12	**$1.15**	**$1.11**	**$1.15**	**$1.14**	**$1.09**	**$1.13**	**$1.08**	**$1.10**				
$97,638	**$100,719**	**$99,275**	**$102,253**	**$103,132**	**$101,782**	**$104,808**	**$102,209**	**$105,602**				
$9.99	**$10.24**	**$10.00**	**$10.26**	**$10.36**	**$10.18**	**$10.41**	**$10.10**	**$10.38**				
59%	**59%**	**59%**	**59%**	**59%**	**59%**	**58%**	**58%**	**57%**				
0%	**0%**	**0%**	**0%**	**15%**	**20%**	**25%**	**30%**	**35%**				
$0.00	**$0.00**	**$0.00**	**$0.00**	**$0.18**	**$0.23**	**$0.29**	**$0.35**	**$0.40**				
9.2%	**9.1%**	**9.2%**	**9.1%**	**9.1%**	**9.1%**	**9.2%**	**9.1%**	**9.1%**				
8.5%	**8.5%**	**8.5%**	**8.4%**	**8.5%**	**8.5%**	**8.5%**	**8.4%**	**8.4%**				
$12,565	**$7,057**	**$1,364**	**($4,221)**	**($10,549)**	**($17,192)**	**($23,823)**	**($30,730)**	**($37,589)**	$103,402	$95,262	$28,837	
$7,371	$7,674	$7,518	$7,846	$7,923	$7,782	$8,113	$7,928	$8,238	$0	$26,976	$92,201	
$1,348	$1,402	$1,374	$1,429	$1,450	$1,430	$1,489	$1,453	$1,517	$0	$5,191	$16,865	
$1,341	$1,341	$1,341	$1,341	$1,341	$1,341	$1,341	$1,341	$1,341	$0	$5,144	$16,097	
$197	$197	$197	$197	$197	$197	$197	$197	$197	$0	$746	$2,370	
									$0	$0	$0	
$10,258	$10,614	$10,431	$10,814	$10,912	$10,751	$11,141	$10,920	$11,294	$40,191	$111,335	$127,532	
-	-	-	-	-	-	-	-	-				
($3,683)2)	($3,683)2)	($3,683)2)	($3,683)	($3,683)	($3,683)	($3,683)	($3,683)	($3,683)	($18,414)	($69,827)	($66,165)	
$6,575	**$6,932**	**$6,748**	**$7,131**	**$7,230**	**$7,068**	**$7,458**	**$7,237**	**$7,611**	$21,777	$67,141	$83,338	
8,057	8,103	8,214	8,299	8,403	8,511	8,622	8,728	8,904				
1,777	1,782	1,791	1,795	1,798	1,803	1,807	1,809	1,825				
-	-	-	-	-	-	-	-	-				
($12,083)	($12,625)	($12,333)	($13,459)	($13,872)	($13,699)	($14,365)	($14,096)	($14,657)	($29,917)	($133,566)	($156,810)	**Recovery date moves to October if using the LRP.**
$7,057	**$1,364**	**($4,221)**	**($10,549)**	**($17,192)**	**($23,823)**	**($30,730)**	**($37,589)**	**($44,635)**	**$95,262**	**$28,837**	**($44,635)**	
9,819	**9,860**	**9,945**	**10,050**	**10,148**	**10,257**	**10,372**	**10,483**	**10,633**				
$1.23	**$1.28**	**$1.24**	**$1.34**	**$1.37**	**$1.34**	**$1.39**	**$1.34**	**$1.38**	**$1.98**	**80%**		
$111,448	**$115,987**	**$113,855**	**$118,840**	**$120,171**	**$117,740**	**$122,717**	**$120,088**	**$125,376**	**$0.97**	**20%**		

$10.45	**$10.80**	**$10.48**	**$10.82**	**$10.84**	**$10.53**	**$10.89**	**$10.58**	**$10.91**	**$1.78**		
72%	**72%**	**71%**	**71%**	**71%**	**70%**	**70%**	**70%**	**71%**			
0%	**0%**	**0%**	**0%**	**15%**	**20%**	**25%**	**30%**	**35%**			
$0.00	**$0.00**	**$0.00**	**$0.00**	**$0.21**	**$0.28**	**$0.35**	**$0.42**	**$0.49**			
9.2%	**9.2%**	**9.2%**	**9.1%**	**9.1%**	**9.1%**	**9.1%**	**9.1%**	**9.0%**			
8.3%	**8.3%**	**8.3%**	**8.2%**	**8.1%**	**8.2%**	**8.1%**	**8.1%**	**8.1%**			
$28,155	**$19,486**	**$11,023**	**$1,735**	**($7,728)**	**($17,060)**	**($26,688)**	**($36,225)**	**($45,826)**	**$170,964**	**$62,219**	**($45,826)**
$46,807	$38,920	$30,877	$9,025	$393	($8,405)	($17,085)	($26,029)	($34,901)			
$11,626	$12,222	($2,088)	$12,542	$12,728	$12,430	$13,135	$12,628	$13,301			
($20,116)	($20,891)	($20,375)	($21,829)	($22,191)	($21,762)	($22,762)	($22,165)	($22,902)			
$603	$627	$611	$655	$666	$653	$683	$665	$687			
($19,513)	($20,264)	($19,764)	($21,175)	($21,526)	($21,110)	($22,080)	($21,500)	($22,215)			
$38,920	$30,877	$9,025	$393	($8,405)	($17,085)	($26,029)	($34,901)	($43,816)			
				$20,335	$20,036	$20,742	$20,235	$20,907			
				86%	86%	86%	86%	86%			
				17,469	17,627	17,789	17,933	18,136			
				15,091	15,227	15,368	15,492	15,667			
				$1.16	$1.14	$1.17	$1.13	$1.15			
				$1.37	$1.34	$1.39	$1.34	$1.38			
				15%	15%	16%	16%	16%			
				15%	20%	25%	30%	35%			
				71%	66%	61%	56%	51%			
				14%	14%	14%	14%	14%			
				$0.23	$0.55	$0.73	$0.84	$0.95			
				$1.58	$1.55	$1.60	$1.56	$1.60			
				$0.00	$0.00	$0.00	$0.00	$0.00			
				$1.16	$1.14	$1.17	$1.13	$1.15			
				$1.35	$1.32	$1.35	$1.31	$1.33			
				$1.58	$1.55	$1.60	$1.56	$1.60			
				15%	15%	16%	16%	16%			

SXM 13598140
Post Recovery Tab

Assuming full recovery of monthly GAAP royalty expense:

Scenario 1	Mix	Subsc. Rate	Royalty Exp % Revenue	MRF Rate	% Self Pay No MRF	Effective MRF Rate
Primary	85%	$14.99	10.2%	$1.53	14%	$1.78
Multi	15%	$8.99	10.2%	$0.92	14%	$1.06
Blend	100%					$1.67

Scenario 2	Mix	Subsc. Rate	Royalty Exp % Revenue	MRF Rate	% Self Pay No MRF	Effective MRF Rate
Primary	85%	$12.95	10.2%	$1.33	14%	$1.53
Multi	15%	$8.99	10.2%	$0.92	14%	$1.06
Blend	100%					$1.46

XM Bundled	61
Siri Bundled	182
Total Bundled	243
Royalties	$212,634
Subscription Rev	$2,405,374
% of Sub Rev	8.8%
Sub Rev Less Bundled	$2,162,374
% of Sub Rev	9.8%
Change	1.0%
% Increase	11%
2011 Est %	9.2%
w/o bundled in denom	10.2%

0.15290

Current MRF Rate	**% Decline**
$1.98	10%
$0.97	-10%
$1.83	9%

As of May 2010*	
Lifetime	6%
3+ Years	6%
Other	2%
Total Estimate	14%

*Mix excludes stand alone streaming and data subs.

Current MRF Rate	**% Decline**
$1.98	23%
$0.97	-10%
$1.83	20%

EXHIBIT 6

3 of 3 DOCUMENTS

FD (Fair Disclosure) Wire

February 15, 2011 Tuesday

TRANSCRIPT: 021511a3718052.752

LENGTH: 7142 words

HEADLINE: Q4 2010 Sirius XM Radio Earnings Conference Call - Final

BODY:

Corporate Participants

* William Prip Sirius XM Radio - SVP, Treasurer, IR * Mel Karmazin SIRIUS XM Radio Inc. - CEO * Jim Meyer SIRIUS XM Radio Inc. - President of Sales & Operations * David Frear SIRIUS XM Radio Inc. - CFO, EVP

Conference Call Participants

* Vijay Jayant Citadel Securities - Analyst * Martin Pyykonen Wedge Partners - Analyst * Vijay Singh Janco Partners - Analyst * David Gober Morgan Stanley - Analyst * Mike Pace JPMorgan - Analyst * Barton Crockett Lazard Capital Markets - Analyst

Presentation

OPERATOR: Good morning and welcome to the SIRIUS XM Radio full-year and fourth-quarter 2010 earnings conference call. This conference is being recorded. A question and answer session will be conducted following the presentation. (Operator Instructions)

At this time I would like to turn the call over to William Prip, Senior Vice President, Treasurer and Investor Relations. Mr. Prip, please go ahead.

WILLIAM PRIP, SVP, TREASURER, IR, SIRIUS XM RADIO: Thank you, Nikki. And good morning, everyone.Welcome to SIRIUS XM Radio's earnings conference call. Today, Mel Kamazin, our CEO, will be joined by David Frear, our EVP and CFO. They will review SIRIUS XM's full-year 2010 financial results. At the conclusion of our prepared remarks, management will be glad to take your questions. Jim Meyer, President of Operations and Sales, and Scott Greenstein, President, Chief Content Officer, will also be available for the Q&A portion of the call.

First, I would like to remind everyone that certain statements made during the call might be forward-looking

statements as the term is defined in the Private Securities Litigation Reform Act of 1995. These and all forward-looking statements are based on management's current beliefs and expectations and necessarily depend upon assumptions, data, or methods that may be incorrect or imprecise. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. For more information about those risks and uncertainties, please see SIRIUS XM's SEC filings. We advise listeners to not rely solely on forward-looking statements and disclaim any intent or obligation to update them.

As we begin, I would like to advise our listeners that today's results will include discussions about both actual results and adjusted results. All discussions of adjusted operating results exclude the effects of stock-based compensation and certain purchase price accounting adjustments.

I will now hand the call over to Mel Karmazin.

MEL KARMAZIN, CEO, SIRIUS XM RADIO INC.: Thanks, Will, and good morning, everyone. 2010 was a remarkable year for satellite radio. If there were any doubts about the doubt of SIRIUS XM, our 2010 results put those doubts to rest. Today, we have a respected brand that is coveted as a must-have product for discerning American consumers. In addition, the business community at large cannot ignore the strong economic drivers inherent in our unique business model. Technology changes have transformed the media landscape over the past 10 years, creating winners and losers along the way. I'm proud to say that we are clearly in the first camp. We are no longer a long shot concept and company. I believe we are increasingly viewed as a sure thing.

Let me quickly review the Company's important financial results in 2010. Revenue grew by over 14% to $2.82 billion, a record for the Company. At the same time, we managed our expenses aggressively, allowing only a 7% increase in cash operating expenses. Most of the expense increases were revenue related or related to our growth in subscribers. Consequently, adjusted EBITDA grew by over 35% to $626 million, which was another record for the Company. After only two years of positive adjusted EBITDA, our margin was 22%. We anticipate significant margin expansion in the years ahead, with an operating margin over 40% at maturity.

As those investors who have known me for a long time appreciate, the most important measure of a business' success to me is free cash flow. It's free cash flow that enables you to pay down debt, make acquisitions, or return capital to shareholders. In that regard, we generated $210 million of free cash flow in 2010. That's despite launching a satellite last year and paying for a great deal of the construction of another satellite that will launch later this year. Free cash flow was also a record amount for the Company. That's two consecutive years of strong free cash flow generation. $185 million in 2009, and $210 million in 2010. What a difference from the over $500 million of negative free cash flow in 2008. And free cash flow over the next several years should ramp dramatically, given that we will not be spending any cash on satellite capital expenditures, following this year's launch of SIRIUS 6, nor will we be a meaningful income taxpayer.

Importantly, our operational metrics in 2010 were as gratifying as our financial results. Subscriber net additions were 1.4 million strong in 2010, representing a year-over-year growth rate of nearly 8%. That's pretty impressive growth for a business that had already scaled to be one of the largest subscriber businesses in this country by the end of 2009. We ended the year with 20.2 million subs, which was another record for SIRIUS XM. In addition to the strong gross adds, principally a result of improved auto sales, I'm proud to say that this growth in our subscriber base was also the result of improvements in our subscriber metrics versus 2009 levels. The rate at which we converted consumers on trials to self-pay subscribers grew from 45.4% to 46.2%, while we also reduced our self-pay churn from 2.0% to 1.9%. The fact that we grew our self-pay base by nearly 1 million subscribers is an astonishing achievement. Six times as many new customers chose to pay for our service in 2010 than in 2009. This clearly demonstrates that consumers love SIRIUS XM, given their willingness to pay for our service when they have plenty of free audio entertainment alternatives available to them.

Content is what matters. It was great news for our subscribers and our shareholders that we were able to extend

Howard Stern's contract and also the NFL until 2015. We will continue to deliver to subscribers the best content in radio. We also anticipate that our programming costs will continue to decline in absolute dollars and also as a percentage of revenue. Also, very importantly, Howard and the NFL are available on smartphones with the SIRIUS XM app, and that will also please subscribers. As smartphones continue to emerge, SIRIUS XM will be a content leader there, as well.

From whatever perspective you look at SIRIUS XM today, as a consumer, a lender, or as a shareholder, the Company is respected and offers a unique value proposition. To the consumer, we offer a tremendous array of diverse audio content at a modest cost. What else is available to the American consumer that provides a comparable level of daily satisfaction at a cost of less than $0.50 a day?To our lenders, our performance over the past quarters has provided a steadily improving credit profile that has rewarded them with a very good return on the risk they have taken when deciding to lend to us. Our debt investors today view us a significantly better credit risk than they did in the recent past. And we expect that our continued growth will provide us even better borrowing rates in the future.

From our shareholders' perspective, we enjoy a premium valuation versus most of our competitors in the media space. Clearly, the equity market now better appreciates the strength of our business model, particularly the expected free cash flow generation characteristics of the company in the coming years. Luckily for our shareholders, I believe we have the assets, financial flexibility, and the business savvy to satisfy the growth expectations inherent in our valuation today. I expect that we will continue to dominate paid audio entertainment in the years ahead.

So let's talk about the future, both near term and longer. As is usual for us, we are cautious starting the year, but I'm happy to announce today that we are providing guidance for 2011 that keeps us on a growth trajectory that is similar to the growth that we experienced last year. We expect to generate approximately $3 billion in revenue and $715 million in adjusted EBITDA. We also expect free cash flow to approach $300 million this year. Operationally, we are forecasting to add another 1.4 million net subscribers by the end of the year and to experience full year conversion and self-pay churn rates similar to the strong levels we enjoyed in 2010.

Our entire organization is working tirelessly to introduce SIRIUS XM 2.0 into the marketplace through the retail segment in 2011. I'm really excited about the evolution in our service. As I mentioned earlier, SIRIUS XM 2.0 promises increased content and functionality to our subscribers. We're expecting to expand our audio content lineup by a significant number of channels. That should make our already robust content offering even better. You should expect us to offer additional data service over time, as well.

We're also planning some exciting improvements in functionality. An electronic program guide will be available that let's you know what's on all of our channels. Our subscribers will be able to buy music from their radio. We'll also include pause, resume, and replay, as well as record and playback capabilities. We believe these improvements will enhance the customer experience and make our service that much more differentiated and superior to the alternatives out there, and therefore that much more indispensable to our subscribers.

We'll also look to enhance the value of being a SIRIUS XM subscriber in other ways. We received very positive feedback about the Paul McCartney concert we presented last December that celebrated SIRIUS XM achieving over 20 million subscribers. You should expect that we will be doing more of these events in 2011, as well.

Our priorities for 2011 are to end the year reporting record revenue, record subs, record EBITDA, and most importantly, free cash flow. The theme running through everything I just mentioned is simple. We know we have a great service that people want. We want consumers to crave SIRIUS XM even more and establish an enduring loyalty to our brand.

To accomplish this, we plan to continually invest in new services, functionality, and especially programming that continually enhances the value proposition and encourages consumers to not hesitate at each opportunity to become a self-pay subscriber. We want to become a no-brainer when American consumers are deciding how to allocate their

precious household budgets. I believe this commitment to serving the wants and needs of our subscribers, and having the financial wherewithal to meet that commitment, will translate into sustained growth and strong and consistent improving financial results, which we hope will further translate to incremental shareholder value creation.

From my perspective, the long-term investment thesis is actually pretty straightforward. We intend to offer service to consumers that they will want for a long time. The opportunity for acquiring new customers is growing, both through additional improvements in the auto sector, as well as the used car opportunity we've spoken about. The combination of these two factors should allow us to generate steady top line growth over the next several years. And slap that expectation against the strong operational leverage characteristics of this business and we should be a significant free cash flow generator over the next several years. Growing EBITDA, no satellite CapEx, reduced interest payments, and no meaningful income taxes will contribute to our dramatic free cash flow growth.

So the obvious question that arises from this is what will we do with the cash that we accumulate over time? There are only three things a company can do with a significant amount of excess cash. Pay down debt, buy assets to grow the business, or return capital to the shareholders. Our board of directors will consider all the alternatives and make the decision that is in the best interest of our shareholders. Long-term, we expect to maintain some debt leverage at SIRIUS XM. As a subscription-based business, we can probably tolerate a significant amount of leverage, but just assume we keep leverage at a modest level, like three times adjusted EBITDA. In that case, we clearly would not be diverting much of the future cash generation toward reducing debt. In fact, we might more likely increase gross indebtedness over time, as we continue to grow the business.

So will we buy assets with our excess cash? Perhaps, but we haven't seen anything yet that's worthy of any meaningful investment or acquisition. Then will we return capital to shareholders? Although I certainly can't quantify the amount or the timing for this, I think it is reasonable to expect that the Company will return capital to shareholders over time. Obviously, this perspective can change if we modify the financial policy around leverage I just mentioned, or if we find some new technology or a company to buy that we believe provides a long-term strategic advantage for our shareholders. So stay tuned on this front, as we expect to be near our target leverage ratio in the not too distant future.

Without everyone at the Company focused exclusively on profitable growth, we will not be able to deliver the free cash flow growth that we and our shareholders want and expect. In that regard, I am confident that we have the focus at the board level, among the leadership, and deep within the organization. Our employees are encouraged to think continually about growing the top line, managing costs, and delivering economic profits. We do this by continually improving programming, investing in technology, whether customer-facing or deployed internally to make us more efficient, and enhancing the customer experience in all ways, including the customer care process. We're focused in this way because we understand and appreciate the power of competition. We've lived with intense competition since the first day we began broadcasting, and every paying customer we've acquired over the years came aboard because we've offered something different and better than the alternatives out there.

But like most areas of modern life, alternatives to the consumers are ever-increasing and we're up for the challenge. The media business has always been highly competitive and things will continue to evolve in the years to come. There will be winners and losers as the media landscape changes over time, and I am confident that SIRIUS XM will again be in the winner's circle. For any company to succeed in a changing environment, it needs to stay relevant and I think strategically, not only about what consumers want today, but what they will want in the future. Change is always accompanied by opportunities and challenges. We're ready to keep grabbing those opportunities as they arise. I believe the best days for SIRIUS XM are yet to come. We fully expect to hit it out of the park in 2011.

With that, I'll hand the call over to David to discuss additional details about our 2010 financial and operating results.

DAVID FREAR, CFO, EVP, SIRIUS XM RADIO INC.: Thanks, Mel. SIRIUS XM turned in a much better year than expected in the face of the slow improvement in the economy. While North American auto sales were up 10% from

2009 at 11.6 million units, they were still down 12% from 2008 and 28% from 2007, 16.1 million vehicle pace. While the economy is improved, unemployment remains high, job creation is low, housing values haven't improved much, and consumer credit remains scarce. Nevertheless, in a clear demonstration of the strength of our subscriber-based business model, SIRIUS XM delivered record results, solidly beating guidance we raised three times in the course of the year, finishing at 20.2 million subs, over $2.8 billion in revenue, $626 million in EBITDA, and $210 million in free cash flow.

In delivering over 1.4 million net adds in 2010, our self-pay subscriber base grew by approximately 1 million to 16.7 million subscribers. And the funnel of paid and unpaid trials ready for conversion, grew by 700,000, finishing the year at 4.3 million. While gross additions expanded by 25% over 2009, total deactivation declined. Self-pay churn improved by 11 basis points, finishing the year at 1.92%. And the conversion rate of auto trials improved to 46.2%. With the slow, but steady economic recovery and improving marketing practices, we are seeing improvements in conversion rates across virtually all auto manufacturers. The effect of these improvements on our overall conversion rate is somewhat muted by shifts in market share among the auto manufacturers, as lower converting brands picked up share in North American auto sales.

Revenues were up 14% at $2.8 billion. ARPU of $11.73 per month was up 7% for the year. The last three quarters for ARPU were roughly flat at $11.80. In December, we adjusted the US music recovery fee down to $1.40 from $1.98 for primary subscriptions, while leaving the multi-subscriber US music recovery fee unchanged at $0.97. Under the terms of the FCC merger order, we are allowed to pass on to our subscribers any increases in royalty costs incurred since March 2007. The adjustment in December was implemented to ensure that we do not recover more than what is allowed under the merger order.

Ad sales were up 25% over 2009, as we continue to outperform both the radio market and the national ad market. Since 2008, EBITDA has improved by $760 million. Revenues are up $400 million over the two-year period, and cash operating expenses are down by $360 million. The principal drivers of the expense reductions are sales and marketing costs down $120 million, programming and content down nearly $100 million, and SAC is down $80 million on a 20% improvement in SAC per gross add. We continued to grow revenue faster than expenses. Our EBITDA margin expanded to 22.1% for the year, and to 38.1% on a pre-SAC basis. Contribution margin rose to 71.2% for the year. The 1.2 point increase in contribution margin offset a similar rise in SAC as a percentage of revenue, which was driven by the 25% increase in gross additions in the year.

Fixed cost improvements drove the nearly 4 point improvement in EBITDA margin. This incredible performance in the income statement has dropped straight through to free cash flow, which has also improved by about $760 million since 2008. Our free cash flow for 2010 improved to $210 million, significantly above our $150 million guidance, despite an increase of $63 million in capital expenditures. We successfully placed XM 5 in orbit in the fourth quarter of 2010. XM 5 will serve as an in-orbit spare for both the SIRIUS and XM fleet, protecting our customers and our revenues from a degradation of service in the event of a satellite anomaly. In the fourth quarter of 2011, we will complete our satellite replacement cycle with the launch of SIRIUS 6. We expect our satellite capital expenditures to decline by nearly $90 million in 2011, and by another $100 million in 2012. We do not expect to begin construction of another satellite before late 2016 or 2017.

As a result of the successful launch of XM 5, we no longer believe SIRIUS 4, which we've kept as a ground spare, will be used in our satellite operations. As a result, we have recorded a $56 million charge to restructuring, impairments, and related costs in the quarter, to write off the remaining book value of this satellite. In October, we issued $700 million of 7-5/ 8% unsecured notes due 2018, the proceeds of which were used to retire the 11.25% senior secured notes due 2013.We recorded a charge of $85 million in the fourth quarter in connection with the retirement of the 11.25s.This issue followed our successful $800 million placement of 8.75% unsecured notes due 2015, in March of 2010.The proceeds of which were used to retire secured debt due in 2012 and our 9-5/8% notes due in 2013. Over the course of 2010, we issued $1.5 billion of unsecured debt at very attractive single-digit coupons, retired secured debt, and pushed out maturities by three to five years.

The improvements in EBITDA and free cash flow have also resulted in dramatically improved leverage in the balance sheet. Our net debt to adjusted EBITDA has improved from 5.8 times at the end of 2009 to 4.2 times at the end of 2010. This improvement in leverage allowed us to merge the SIRIUS and XM entities in January 2011, simplifying our capital structure, and eliminating unnecessary administrative costs. Since December, we have also bought back $131 million of debt, including the remaining $37 million of the 11.25% notes and $94 million of the 3.25% converts due in October 2011. We now have only $104 million of scheduled debt maturities between now and the middle of 2013.

As a final note, our two Canadian affiliates have reached an agreement to merge, subject to shareholder and regulatory approval, as well as certain other conditions. Canadian Satellite Radio, a public company traded on the Toronto Stock Exchange under the symbol XFR, will issue approximately 58% of its equity to the shareholders of SIRIUS Canada in the merger. CSR's shareholder meeting is on Thursday of this week, February 17. The CRTC, the Canadian equivalent of the FCC, has announced it will hold a hearing on the merger on March 7. The Competition Bureau, which is Canada's equivalent of the Department of Justice, is also reviewing the transaction. SIRIUS XM will own about 37% of the economic interest following the merger. This represents approximately 45.5 million XSR shares. As part of the merger, CSR will repay all amounts outstanding under the XM credit facility and SIRIUS Canada is expected to make a cash distribution to its equity holders. We expect the transaction to close in the second quarter.

With that, Operator, I would like to open it up for questions.

Questions and Answers

OPERATOR: (Operator Instructions)And your first question comes from Barton Crockett with Lazard Capital Markets. Please go ahead.

BARTON CROCKETT, ANALYST, LAZARD CAPITAL MARKETS: Okay, great. Thank you for taking the question. I wanted to ask about the focus on returning capital to shareholders and get a little bit more elaboration on a couple of points. One is, is it safe to assume that your preference is going to be for share repurchase over dividend? And then secondly, in order to buy back shares, could you talk about how the Liberty shareholdings play into your evaluation?In other words, are you constrained in your ability to repurchase near term by the desire not to trip a change in control for the NOLs, given their 40% ownership? Is there a need to have some type of agreement with them to proceed? Do you see their shareholdings potential the source of share repurchase, or is your preference more to buy back from the publicly traded stock?

DAVID FREAR: So, on the NOL front, Barton, 382 of the tax code will constrain or influence what we do for probably the next year or a little bit more. Under that section of the code, you're always looking at a three-year window for change of control. And we clearly wouldn't want to trip the change of control because that would limit or affect the way in which we utilize our NOL. But once we get to the second quarter of 2012, we're beyond the three years since Liberty made their investment and we start over again with respect to the 382 calculation. So I think that, as it relates to tax issues, that you should think about it unconstrained starting in the second quarter of 2012.

MEL KARMAZIN: So I think the date for Liberty is March of 2012, when that gets triggered. And regarding what exactly we're going to do, obviously that will be a board decision. We have already had a discussion at the board level about what we should do with our free cash flow. No determination has been made. Historically, I've always believed that a share buyback is a more tax efficient way of returning capital to shareholders as compared to a dividend. But clearly that's not anything that has been determined. We certainly have not heard anything specific from Liberty about their interest in having less ownership in the Company. So certainly from where I'm sitting today, we're not thinking about using free cash flow to buy in Liberty shares as much as we might be thinking about using it for our public flow.

BARTON CROCKETT: That's great. Then switching gears a little bit, given that we're right here on the cusp of Pandora's IPO filing, I was wondering if you could talk about your ability to include a Pandora-style feature in satellite

radio. There's been some discussion from various sources about patents. Is this a feature that the ability to select personalized music stream online, is that something that you can include within satellite radio? Is it something that you think makes sense, is technologically feasible to do?

MEL KARMAZIN: Certainly without speaking specifically to Pandora, there's an awful lot of IP audio content that's out there and virtually all of them have a music recommendation engine or algorithms that enable you to target a little bit more your channels. Most of those companies today, when you pick a channel that you are limited by the number of plays that you can have from a single artist because of the Digital Royalty Act. So, we think that our channels, curated channels, are something that is very desirable to the consumer. If you take a look at time spent listening, which we do, and we compare it to the time spent listening of a lot of the IP channels, we see a greater satisfaction from our content.

But having said that, certainly there is nothing that would preclude us from doing what you said, in an IT part of the distribution that we do to consumers. So clearly if, in fact, it was something we believe that our subscribers would want, we would absolutely do that. We think that there is an awful lot of people who like the Slacker, Pandora, Last.FM, iHeart services, because it's free. Nothing is really free because the way they make their money, they make you listen to commercials. And a lot of that IP content, as they get, and try to get more and more revenue, are going to be running more and more commercials. And again, we like our business model, which is principally subscription-driven, as compared to the model where you're offering a service for free and running commercials.It sounds an awful lot like terrestrial radio.

BARTON CROCKETT: That's great. I'll leave it there. Thank you.

OPERATOR: And our next question will come from Vijay Jayant with Citadel Securities. Please go ahead.

VIJAY JAYANT, ANALYST, CITADEL SECURITIES: Hi, thanks. Looking at your guidance, Mel, suggests that fairly new ARPU growth in 2011 based on your revenue expectations there at least for the moment. Can you talk about long-term. You've never really had any rate increases in the platform, and you've added a lot more content over the years. And the price gap potentially goes away, hopefully this year. Can you talk about long-term pricing in general, please?

MEL KARMAZIN: Yes, certainly we believe that our original price point of $12.95 when we started was attractive. We priced it that way because we wanted to grow our subscribers as rapidly as we could. We believed that we would get more subscribers at $12.95 than we would at $16.95 or at a higher price, so that was the determination then. Since the price was put in in 2002, we added a great deal of content. Howard Stern was added, the NFL was added, we added NASCAR. So we believe that we offer great value to our subscribers. We're constantly looking at ways of continuing our growth and not pricing ourselves at a point that would really hamper our growth. But I think, like all businesses, you should assume that the Company is going to increase prices in the future. You just need to do that to remain profitable and to continue to invest in content. We have not certainly announced anything at this point in the way of increased prices, but the reality of it is that it's something that you should expect will happen in the future.

VIJAY JAYANT: Great, thank you.

OPERATOR: And our next question will come from Mike Pace with JPMorgan. Please go ahead.

MIKE PACE, ANALYST, JPMORGAN: Hi, thank you. Just a follow-up from Barton's first question on the capital structure. Just to be clear, was that three times leverage target or goal, do you think about that on a gross or net basis? And then if we fast forward to when returning capital to shareholders might be appropriate, and we look at the balance sheet then, you still have a maturity profile where there's a fair amount of debt that comes due in 2013 through '15. And two questions on that. Would you feel the need to clear a longer runway before returning capital to shareholders? And then what would be a goal if you had a blank piece of paper for the debt capital structure in terms of a more traditional secured/unsecured debt capital structure to minimize interest costs? Thank you.

MEL KARMAZIN: So, let me start and David could pipe in, as well. What you have to factor in is the extraordinary amount of free cash flow that the Company's operations are generating. So in taking a look at what our longer term debt profile is, you really do need to factor in what we will be going into those years with in cash on those balance sheets. And I believe that where we are today, certainly we don't see any impediment to the debt maturities not being able to easily being handled by our cash that we would have on hand. When I take a look at it, it's not a perfect science and the 3 isn't a number that's written in concrete, but I tend to take a look at it from a net debt point of view.

And, again, I don't want to front run anything that the board is going to do, because this decision is obviously a board decision. But I think we all agree that having a leverage in our type of business of somewhere around 3 is appropriate. We get there rather quickly. We believe in our business model. We believe in the free cash flow generation that's going to enable us to very comfortably deal with the debt that's on the balance sheet. And regarding debt in general we believe that having a certain amount of leverage is appropriate. We think shareholders benefit from having a certain amount of leverage. Think that that unsecured debt is better for us, particularly with where we are in our strength today. And think that a capital structure that would have a certain amount of debt unsecured and enabling us to use all the cash that we have in excess of the leverage we think is appropriate, we would use to buy back our stock or some other way of returning capital to shareholders.

DAVID FREAR: I think I just want to reemphasize the point that Mel made in there. We believe that we will very comfortably cover our 2013 to '15 maturities out of the cash flow of the business. We think that will give us an opportunity to potentially do new financings out in that timeframe to keep the debt, let's say, at the $3 billion level that it's at now, that we'll be able to enter into new financing arrangements at significantly improved pricing from what's on the balance sheet today. With respect to secured versus unsecured, if you look at the difference in execution in the marketplace, and what you can get in rates, right now there's not enough of a benefit in the rate reduction to merit giving up the security. Clearly if that changes and the gap winds between secured and unsecured, that certainly a tool we can use.

MIKE PACE: Great, thank you.

OPERATOR: Thank you. And our next question will come from David Gober with Morgan Stanley. Please go ahead.

DAVID GOBER, ANALYST, MORGAN STANLEY: Good morning, guys. Thanks for taking the question. One on the top line and one on the cost structure. In terms of the subscriber guidance, it seemed a little bit conservative. I know you guys have been conservative in the past, particularly last year, the initial guidance I think was 500,000 sub adds. So clearly there could be upside. But just curious in terms of the inputs there, what you guys are assuming in terms of SAR and how do we think about -- I know you guys had mentioned that auto trends should be better and conversion rates and churn should be relatively stable. But I would think at the end of the day, that should result in a higher net add number rather than a flat one. Just curious if there's anything I'm missing there in terms of the math.

MEL KARMAZIN: You're not missing at all.I think it just is really us going in and not really knowing enough about how many cars are going to be sold. We track all of the organizations that provide guidance on SAR, including our partners who all do it. And today, they seem to be inching up. Every single day, I get a revised SAR number. Steve Rattner was on CNBC this morning talking about how he believes that the number will be over 13 this year and 14 in 2014. He's the car czar, ex car czar, so he might know something about it. But we certainly are thinking of a SAR number that is around the mean number today, which is about 12.5 million. And that's where the numbers seem to fall.

You should assume that if, in fact, the car sales are greater than that, then our subscriber numbers will grow. That there's nothing we're signaling at all. All we're doing is saying it's early in the year. We don't know exactly what's going to happen on the car level. We still think that the number is around 15 million, which is the replacement number of cars that should be sold to just replace the cars on the road. So we believe there is upside, not just in 2011, but in subsequent years, insofar as car sales go. And our penetration level has been eeking up a little bit, actually, so we're in the low 60%

and we don't see that changing. So higher car sales, higher penetration, good conversion, would get us to a different subscriber number. But we don't have the confidence to date to give you that number.

DAVID GOBER: Great. And I guess just on the cost side, a couple of little ones. G&A looked like it picked up a little bit in the fourth quarter. Just curious if there was anything one-time or anything interesting going on there. And in terms of customer care costs, I think, Mel, you had mentioned investing in making sure that the consumer experience is as good as possible. But it seemed like there was a little bit of tick-up there in the fourth quarter, as well. Just curious if there's anything that was going on there.

MEL KARMAZIN: So let me just deal with the customer care point and David will do the rest. We have been investing significantly in trying to improve that customer care experience. We think that it's real important. Churn is a big priority for our Company and a big focus point. We spent a good amount of money last year on IT that enables us to improve that customer care experience. We've introduced a new unified website that has a soft launch going on right now, that has a lot more customer care features as part of it to enable us to not just long-term improve costs, but more importantly, improve the customer care experience. And let me turn it over to David to answer--

DAVID FREAR: Just to finish up on customer care in the quarter, we have two things, one unusual and one recurring that came up. Christmas is always a little bit of extra staffing in customer care. We still do a good amount of volume around Christmas time. We also have a lot of renewals that come through the holiday season. So there's a seasonal ramp-up in staffing and training in the fourth quarter. We also, in early November, put both platforms of subscribers onto the same system. So, integration of our subscriber management system. And so in the quarter, we had a reasonably significant amount of training that went on to ensure that agents were familiar with the platform. And any time you integrate a big subscriber system like that, you're also going to have edge cases where you're going to drive more calls from customers into the call center.

On the G&A front, you should really think of it as litigation spending. That we've got, as we've disclosed before, we've got some suits out there that we are actively pursuing. And we're hopeful of resolving those in the course of this year and seeing G&A come back down.

DAVID GOBER: Great. Thank you very much, guys.

OPERATOR: Thank you. And our next question will come from Vijay Singh with Janco Partners.Please go ahead.

VIJAY SINGH, ANALYST, JANCO PARTNERS: Yes, I just have a question on XM 2.0. I just wanted to see with the increased bandwidth, what kind of demographics you'll be targeting and what kind of new programming would be coming on, just to get a direction as to if there is incremental opportunity for the Company.

MEL KARMAZIN: Yes, I, I think that we will certainly have the additional bandwidth, which will enable us to do additional programming. It's not like we are suddenly saying that now we're going to go to a much younger demographic than we have historically programmed to, mainly because, again, we're principally in the subscription business and we're focused on generating revenues and going after our best subscribers. We think there are additional channels that we will be adding. They will be complementary along the lines. There will probably be some more along the edges because of the fact that we do have the ability to add some new genres of music and programming. But it's not a wholesale shift that's going to say it. One of the things that you should assume, though, not on an age issue, but from a demographic point of view, we certainly will be targeting Hispanics more than we have done to date. And we haven't finalized it yet, but we will have a suite of channels that will, we believe, appeal to what is the fastest growing part of the US population, which is Hispanics, and it's an area that we have been underperforming in. So we think that represents a great opportunity.

VIJAY SINGH: Okay, thank you.

OPERATOR: And we will take our next and final question from Martin Pyykonen from Wedge Partners. Please go

ahead.

MARTIN PYYKONEN, ANALYST, WEDGE PARTNERS: Yes, thanks. Good morning. Wanted to ask you on the conversion rate, as you look at your financial capacity, obviously much improved over the last couple years. Are there areas you might look at to invest in to drive that conversion rate higher over the next year to two? Obviously you can't control the SAR, but curious if you think that has upside. And is the higher conversion rate built into your ad maturity, operating margin being over 40%, meaningfully higher than the current mid to high 40s conversion rate? Thanks.

DAVID FREAR: So let me start out and then Jim can add to it. I think generally, we feel as managers like we can do a better job in conversion, but we feel like we can do a better job on everything that we do every day. So we would like to improve it. We spend a lot of time with our automotive partners making sure that we're getting the customer name and address data coming across to us quickly and accurately. Striking while you still have that new car smell in the car is something that we know makes a difference in conversion rate. Being smarter in the kinds of messages and the cadence of the messaging that produces higher conversion rates. That we do a lot of tests, a lot of different programs, and trying to measure statistically what creates a difference in the rate. And then the last piece is that we have an opportunity in reactivating radios, as well, which isn't necessarily part of the conversion rate we report. But an important part of the business where we're spending a lot of effort in finding out where the best information is on who those new used car buyers are, and what we can do to reactivate more radios that are out there in the fleet on the road.

JIM MEYER, PRESIDENT OF SALES & OPERATIONS, SIRIUS XM RADIO INC.: Yes, I think just to amplify what David said, we've been at this a long time and yet we still continue to learn new things every month. But I think over the course of the plan, our assumption is that conversion remains in the mid to high 40s. And we don't see any magic bullet that magically takes it into the mid-50s. That's not to say it's not out there and that's not to say we're not committed to continue to work on it and we will continue to work on it.

MEL KARMAZIN: We don't have any plan of significantly increasing our expenditures in order for us to get the conversion rate up. We believe that by just best practices and doing things longer and smarter, the conversion rate will go up, but it won't require any additional material expenditures.

MARTIN PYYKONEN: So another way to say that is your guidance or long-term operating margin over 40% at maturity is not predicated on any conversion rate up meaningfully from where it is today.

MEL KARMAZIN: That's correct. Okay, thanks.

WILLIAM PRIP: Thank you, everyone, for joining us. Have a good day.

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Presentation

UNIDENTIFIED PARTICIPANT: Good morning. Continuing the conference, very pleased to have David Frear, CFO and Executive Vice President of Sirius XM Satellite Radio. We're on the clock, so we'll get started. The plan is to do 15 minutes, give or take, of questions up here. We'll have tons of time for questions from the audience, and again, as usual, I'll fill in where necessary. But certainly, I guess if you looked at the stock returns and also growth metrics, Sirius has had a pretty good last couple of years. When you sort of think about 2000 -- first, thank you for coming.

DAVID FREAR, EVP AND CFO, SIRIUS XM RADIO: Thank you for having me.

UNIDENTIFIED PARTICIPANT: And as you look at 2011 and beyond, what's the strategy for growth? What are you executing on right now and need to get right this year?

DAVID FREAR: So, it's nice to have the economy recovering, right? Nice to have auto sales coming back. Things got so bad that it's sort of easy -- they're easy comparisons from a growth perspective, right? That the automotive industry fell to roughly 10.5 million cars, so coming off a year with 11.5 million cars, boy, it feels great. Of course, it's still down 30% from where the automotive industry was before. And people are talking about a 12.5 million to 13 million-car year, so again, feels great but still a long way below where it was.

The great news is that we seem to grow regardless of the environment. So we grew through the recession. The total subscribers dropped a little bit one year, but that was entirely related to auto sales. If you look underneath the covers, self-paid subscribers has grown consistently, including through the depths of the recession.

So as we look forward, we feel like the prospects for topline growth are, in fact, very good and very good for the long-term. Automakers are putting radios into cars at the rate of a little over 60% of all the vehicles built. And so it just -- it augers very well for consistent long-term growth.

UNIDENTIFIED PARTICIPANT: And when you think about auto trends so far this year, and I think on the fourth quarter conference call, you talked about 12.5 million sort of underlying the guidance that you gave. Do you feel like we're tracking pretty well towards that 12.5 million?

DAVID FREAR: You know, I've looked around at -- we're the first to admit we have absolutely no idea what cars are going to be. Okay. So we don't even pretend to be experts at forecasting North American automotive sales. We certainly watch everybody else's forecast with interest. The highest forecasts on the Street is from one of your firm's competitors, and I can't believe it will ever get there, but it's 14 million. In the first few months of the year, it's facing above what they thought for, to reach 14 million. From -- you look at some of the other forecasts that are more in the sort of [12.7 million, 12.8 million] range, and the first couple months of the year are tracking nicely to those forecasts as well.

UNIDENTIFIED PARTICIPANT: So when you think about driving growth for subs, obviously we've got subs and ARPU, I guess advertising as well, but on the subscriber side, is there anything that you're doing to drive more effectiveness in terms of getting a greater benefit from auto sales? I guess that's a combination of more sell-in and more conversion. And also what's happening off at retail?

DAVID FREAR: So in terms of more effectiveness in converting autos, for the most part, movements in the overall conversion rates that we reported have a lot more to do with changes in model and brand mix than they do with changes in underlying conversion rates. So underlying conversion rates have improved from the depths of the recession a little bit, when you look at them brand by brand, model by model.

But for the most part, what you're seeing in changes in our reported numbers, not just changes in the mix of sales. So we have provided an indication for 2011 that we expect convergence to be consistent with past levels for this year. We're always testing out what we might be doing that isn't as effective as it should be, right. So the nice thing about this business is it's 20 million people making a decision. So you've got all these subsets and it's easy to test different strategies without upsetting the whole pie.

So we have teams of people that look at different messaging, different value offers, different ways of communicating, and different cadences in communication, to see what actually stimulates the response from the customer in the best way. So we're still working on that strategy.

UNIDENTIFIED PARTICIPANT: As you remember when early in the development of these services, a lot of us thought, well, this is really just going to be the Mercedes guy. And obviously, things have changed a lot and it's broadened out from there. How do you think about the target market these days? You're certainly at full scale here.

DAVID FREAR: You know, so we are at full scale and [that is for] large business. We're certainly not at full scale in terms of (inaudible). There's plenty of growth left to -- the difference between subscribers and non-subscribers, the only thing that we can find that's close correlated is income. So far and away, if you have more income, you're more likely to be a subscriber than if you have less income.

That being said, the spread in demographics -- mostly age-related as well as income-related, is to me is surprising, right. So no one pays for radio. Right. So that's the way it was when we got started. Nobody pays for radio. (inaudible) convention to do it and it's no one needs radio. They don't need satellite radio. So we've done a really good job, I think, of making them want it.

I just wouldn't have thought that we would get the number of people that we have in that 18 to 25 section. I mean a lot of them don't have jobs, so I don't know why they're subscribers but they are. And in the lower income scale, right,

lower than our average. And so our average is more educated, more higher income, and the average is probably now in the high $80,000's in terms of annual income. But then when you look at the distribution, you'll find a surprising number of people in my opinion under $50,000.

So it seems to have broad appeal. I think as the opportunity for people to subscribe increases -- and second, I think we may see some surprising results.

So, used car population, right, the main distribution space is new car sales. And so what happens is the fleet of those vehicles begins to turn over. Average first ownership in a car, now as the leasing business is largely gone, it's about five years. Right. So as those begin to turn over in the used car market, probably the more price-sensitive buyer, and what is the uptake of the product going to be? No one knows at this point.

We were happy with a couple of earlier terms. One is that we did a survey last fall that said that the awareness among used car buyers, in fact, that there was a satellite radio in the car was 75%. Honestly, I was astonished at that number. It was much higher than I thought it was going to be.

And then as we -- we have fairly small numbers in terms of used car buyers we get on a 90-day trial, and what's their conversion rate? Well, they definitely convert at a lower rate than new car buyers, but it's not that far below the new car buyer rate. And so it's a couple of early indicators of one high awareness and to a strong interest in this product that is maybe not quite as strong as new car, but not so far behind it. That's a good thing.

The retail side -- you know a lot of people ask this question about the declining retail radio base. I can tell you we don't manage the business that way. And so we report the subscribers we have in the retail channel, but we actually don't manage the business that way, so the legacy reporting thing. We certainly are managing new sales of aftermarket radios and new subscriptions. And we've got guys that focus on that. We have another team that focuses on the self-paid chart, we want to retain as many customers as we can. But we don't really look separately at those retail base of subscribers.

There are 250 million cars and light trucks on the road; only 35 million of them have a factory-installed satellite radio. That will probably rise to 70 million in five years and over 100 million in another five years. So for the next 10 years, there's going to continue to be a huge number of cars on the road in the country that don't have a factory-installed radio, so there's a reason to have an aftermarket product.

UNIDENTIFIED PARTICIPANT: So when you think about targeting lower income segments, or less-high income maybe is a better way to put it, do you think about different price points?

DAVID FREAR: We do. We haven't chosen to -- we have some limited offerings of lower price points. So we have an a la carte product that is -- I believe it's $6.99; it's about a 50 channel offering. There has been a very little interest in the a la carte product from consumers. Out of [our] 20 million subscribers, there are less than 30,000 that have chosen a la carte product.

We have mostly music, mostly news products for the price of $9.99, where you get a lot of music channels or you get no music channels and a lot of talk and sports; but again, limited uptake on that. I think that what are people used to doing -- we're just radio. We're just a lot better radio than people have been able to get on AM and FM.

But what they're used to on AM and FM is that they turn the dial and they get to listen to a jazz station if they're in a market that has a jazz channel, or they can turn to country if they're in market that has country. All the markets seem to have top 40 and adults and contemporary music, or they might flip to a weather channel or traffic report, a sports show, a talk show. Maybe they're listening to Rush Limbaugh.

And so they're used to a mix of music, talk, news and sports. Right. And I think that there's probably a role for a tiering of the services in that area. But there's no -- we're not a big rush to do it because we want to manage the

cannibalization there. Right. So you don't want to be driving after penetration and yet not driving revenue growth.

So there's time for us to test our way into tiered pricing over the next several years. And again, with average car ownership, first ownership being five years, when you think about -- I think it was five years ago, we were only in 20% of the cars in the country. So we still have several years before this becomes an issue of scale.

UNIDENTIFIED PARTICIPANT: On the [Carl Melon slide] you move the other direction, actually potentially start to raise price. Any comments there you want to make to clarify what he was saying?

DAVID FREAR: Well, we don't have any specific plans to raise prices at the moment. But I think everybody knows that the FCC merger order constrained us in terms of certain price increases until the third anniversary of the merger. That's coming up this July. The FCC has a notice of inquiry that they put out on us about whether or not they should extend the merger order. There were very few comments in favor of extending them. And one of the comments filed was from somebody that is filling up in another venue, so they obviously have a vested interest in that.

For the most part, comments filed with the SEC were supportive of letting the merger order expire. We have provided a letter to the FCC on the issue that addressed two things. One, when we entered into the voluntary commitment, we did not volunteer to allow the merger order to be extended beyond three-years. So there's no support from the Company in doing it. And I don't believe that there is a -- that the Congress has provided the FCC the legislative authority to regulate satellite radio prices.

So my guess is that the merger order will probably expire in August or the end of the July; so sometime after that, we could consider an increase. The last point on this -- you know service has been priced at $12.95 since 2002. And we have added a lot of content over the years. I think it's a much richer service offering than what it was eight years ago, and generally, prices tend to go up in most businesses over time.

UNIDENTIFIED PARTICIPANT: In terms of improving functionality that you guys are considering offering, some of the stuff, electronic guides, live music from the radio, pause and resume a replay, which is huge. One, what is the intent with increased functionality? Is that another way to try to get price or sell a different level of service? Or is that just you'd like to enhance the customer experience? On the other side of that is, have you worked everything out with the music companies regarding replaying and so on?

DAVID FREAR: So I think that enhancing features and functionality is just a good thing in a business. You tend to want to find ways to give people more that -- we'll also be giving more channels. We expect to launch a number of channels aimed at the Hispanic marketplace in the fall. And so I see it more as a feature add; certainly a more feature-rich product might help with the consumer perception of value in the product.

From a rights perspective, we certainly aren't going to do anything that we don't have the rights for. And so I think you can assume that with the functionality that we'll bring to the radios, that will either -- that we'll either have all of the rights affordably we do today, or for channels with content where maybe we don't have the rights for this service, we simply won't offer the feature on those channels.

UNIDENTIFIED PARTICIPANT: On the -- one last question and we'll go to the audience and see if there are any. On the self-pay churn, which improved a little bit, is that steady-state level you would suggest? Is there other factors you can do to reduce churn?

DAVID FREAR: Yes -- I do believe there's more we can do. Right? We always feel like we can do a better job with the business. We never feel like, wow, that's it; we can't get better than this. Right? So -- and if you look back a couple years, we had the churn rate in sort of the [up at] churn to 1.6%, 1.7% range. And while it's better now at 1.9%, when you compare it to a lot of other services, it's a really good churn rate. Right?

I mean it produces a really good business plan. But there is this part of us that looks, it's like well, wait a minute, a

couple of years ago, we were getting a couple of [one-tenths] of a point better, and we certainly want to continue to drive to improve it. Similar to my comments on conversion, there are things we can do. There's always new ideas for what's going to retain a customer. There's different offers that we can make. We'll continue to test those.

One of the basis things we can do is just improve customer service. Right? And so we look at the consumer complaints about how calls have been handled and look at consumer dissatisfaction. We watch [bottom] satisfaction ratings in terms of people's interactions with the call centers, and we talk about how to improve it.

We've launched recently a self-service website that we think that more and more, especially for our subscribers, that they themselves -- as a lot of the customers service needs, they never call a call center. Right? And we think that will actually improve consumer satisfaction. In their own way in their own time, sign on online, take care of whatever it is that they want to do. We rolled that out a few weeks ago, and it will be one of these things we will continue to put out new releases, improving the functionality of self-service. And today it doesn't include eCheck, right. So probably by the fourth quarter of this year, we'll add eCheck into it and just continue to improve the customer experience we think (technical difficulty).

UNIDENTIFIED PARTICIPANT: Any questions at all from the audience? Or I'll just keep going. We have one in the back -- all right.

Questions and Answers

UNIDENTIFIED AUDIENCE MEMBER: You talked a little bit about this on your last call, but related to what seems like a steady flow of stories in the New York Times, I think yesterday about streaming radio services getting into Internet-ready television. Also I think they mentioned the BMWs, the mini line of cars and BMW getting in-dash there. Just curious your updated thoughts on how much of a competitive threat is that to the extent those services, Pandora and others, get into the car? Is that a bigger threat to terrestrial radio than you?

DAVID FREAR: So we believe we operate in an intensely competitive market. We really do. And every day we're trying to take listening time away from alternative products. So whether it's terrestrial radio or Internet radio. There is no doubt that IP connected devices are going to continue to proliferate, and they're going to move from fixed locations to mobile locations, and they're going to move -- the move is going to be rapid.

There are 60 million smartphones out there today. And boy, that's a lot of fully-enabled devices that can listen to competing products. There's no reason for us to believe anything other than the fact that it will get more competitive in the car. Right? So I think it's highly likely, but I like our chances. I don't mind competing. Right? It's kind of fun, actually.

And so we've done, I think, a really good job over the last nine years in going from 0 to 20 million subscribers competing against terrestrial radio, competing against iPod, competing against Internet radio, competing against HD radio, competing against with the enabling technology of growing to 60 million smartphones and what that means for Internet radio.

So I feel pretty good about that. What I've seen recently with some of the Internet radio music services is that the business plan seems to be going away from subscription into an ad-based service. And so that makes me feel a little bit better. Right? So I've been competing against, as my primary competitor an ad-based radio service, right, and have done pretty well against that, being terrestrial radio.

So the more Internet radio goes towards that seems to me that they're after the local advertising dollar, which is not a meaningful part of our business. Only 2% of our revenues or 2.5% are ad revenues and they come from the national market, not the local market.

So on balance, do we watch it? Yes. We've been streaming online for seven years now and understand the

technology implications very well. We've got apps that work on the three major mobile platforms and we are very aware of the competitive environment but like our chances.

UNIDENTIFIED PARTICIPANT: Okay, thanks. Maybe one other financial focused question. You're going to generate some significant free cash flow the next couple of years. Just again maybe a refresh on your thoughts and what the owners of the Company think about what that cash could be used for?

DAVID FREAR: Okay. So with this prospect for topline growth, right, that I talked about a few minutes ago, and the fact that I think you have seen the Company really deliver from an earnings perspective. I think the contribution margins we've been telling people to expect 70% for a number of years now, we've been beating that number but I'd still encourage you to think about 70%.

And we've also been telling you that we think the fixed cost will be relatively flattish, that -- and I continue to believe that that will be true. We have been telling you that we think we'll continue to drive back for gross add-downs, and so there will be unit cost improvements there. And as you grow the revenue base, I expect revenue to grow faster than growth additions over the long-term.

Sooner or later, the auto market peaks out and your growth positions are pretty stable each year, so you're just going to [blow the effect] better. So our EBITDA margin is [22%]. Today, we expect to achieve 40% at maturity and so you see good chances for EBITDA expansion over the next several years. And then you combine that with the fact that our capital expenditures are going to drop significantly. Right? So from 2010 to 2012, CapEx will drop about $200 million, because it will reach the end of the satellite replacement cycle. And we won't be spending on satellites again until probably 2017.

So you've got that. You've got lower interest expense from a combination of deleveraging and getting money at better rates. And you also have a tax shield from the NOLs. So the prospects for free cash flow growth are really robust. And what are we going to do with that? Well, it makes sense to keep leveraging the model. We talked on the call about maintaining three times leverage. And if, in fact, we do do that, that -- what that [drop] is a substantial amount of cash flow generation in the next few years for returns to equity holders who perhaps used in acquisition, if we can find something strategic to -- that's of interest to us.

UNIDENTIFIED AUDIENCE MEMBER: Could you speak to -- you mentioned in the satellite spend cycle, could you speak to that in a typical kind of wear and tear on the lifecycle of these things under normal conditions? And if there are ever extraordinary events, whether it be solar storms or things of that nature that you can predict or can ensure for and maybe speak to that? Thanks.

DAVID FREAR: Sure. So, first of all, the health of our current satellite is all great. Right? We're going to -- they are all -- we're figuring they're all going to last for their estimated design lives. Many of them may actually be able to provide service for longer than their design life.

The design life for a satellite is normally about 15 years. That the -- they tend to be limited by power, not by fuel. Right? So that the fuel life of the satellite is -- been using proton (inaudible) to put them up and they just throw you into a better transfer over it -- you use less gas getting them to where they need to go, so you end up with 25 years of fuel life.

So the question is you have these solar rays on the satellite and they have the ability to generate power, and it degrades according to predicted patterns over time, and sooner or later it gets to the point where it just doesn't generate enough power to run it -- all the subsystems on the satellite.

You know things can go wrong with satellites in orbit. But what you tend to find is you have launch risks. You have risks -- it's called infant mortality, the first year of operation. And if everything checks out on orbit and the first year goes fine, the risk of an anomaly occurring in orbit just statistically drops substantially.

So I can tell you that it's -- the risk associated with it, we think at not carrying an orbit insurance on it. So orbit insurance rates these days are sort of around maybe 1.4%, 1.5% of the insured value. We think that it's actually a better trade to just not spend the money on ensuring it. So we could be wrong, but generally, you find that while things can happen in space, that it tends not to be from a solar storm. It tends not to be from a meteorite [like an outer] satellite, that if there's going to be a problem in space, it usually happens on the ground.

Somebody did something wrong in the construction of the satellite. You think it's rocket science, but you have to think of it more like tinker toys in terms of what goes on every day. Right? You've got a guy -- right, there's a guy. And you pay him a lot of money, he's a rocket scientist, he has a degree from Cal Poly, and he applies epoxy to a service and puts something on top of it. Right? Did he mix the epoxy wrong?

So we have all sorts of procedures to make sure that doesn't happen, and the satellite people report to me, so I participate in all of these meetings with people that use more acronyms than the Department of Defense; in reviewing the satellite programs, the attention to detail is incredible. The patient is incredible and the reason why it takes 2.5 years to get a satellite built is because you can't do a truck roll if something goes wrong. And so they take their time, test it thoroughly, make sure their procedures are right, subcontractor qualifications and everything else, to make sure that you don't have a problem on the ground that turns into a problem in space.

UNIDENTIFIED AUDIENCE MEMBER: I have a question on the used car market. In terms of timing, how you approach that, and whether you spend money in advance of gaining success, or whether you spend money as you are successful? Can you talk about that?

DAVID FREAR: Sure. So, thrilled with the 75% awareness. They really didn't expect -- if you were to have asked me before the survey, I would have said 30%. Right? So there is nothing that helps us more than simply universal awareness of the brand. I really believe brand matters in selling products.

And so the fact that well over 90% of new car buyers know the Sirius XM brand, that the fact that 75% of used car buyers know the brand, I think augurs very well for the future. It says when they buy a car, they're looking to see if the satellite radio is in it. And so they're hooked before they get there.

And then the big issue is finding out whether -- when the car has changed hands, because what we know happens is that if we can get somebody in a trial where they're using the product, they're far more likely to convert than somebody who's not using the product. Right? And so focusing on how do we get -- how do we know about the sale, is important. That's easy to do for anything centrally coordinated through the OEMs because we have a data exchange protocol set up with them for new car sales.

So certified preowned is kind of easy because all the customer name and address information gets reported back to them, and they send it over to us and it's basically the same file. So the car is outside of the CPL program, they don't have the same kind of central coordination. And we find at this point that the vast majority of reactivated radios are just people who call us because it's in the car.

And so we are working with a variety of list providers, people who work with the dealer networks or some of the administrative systems, to figure out how to get timely data on used cars changing hands. And if we do that, we get the information, we can definitely turn on the radio, because once we have the VIN, we know the ESN, so we can just turn on the radio, and then we can start communicating with the customer to try and get them to listen.

UNIDENTIFIED AUDIENCE MEMBER: [So the 70% flows through monitors] is that not particularly different with respect to used cars? Is it higher? Is it lower?

DAVID FREAR: No, I don't really think it's different. The costs associated with the used car are more likely to be communication costs down the marketing live. Right? So if you were buying a list, right, so the cost of the list or if we're sending a mailing, more and more you really want to send e-mails, and more and more people are giving their

e-mail address; it's just part of how they fill out their forms. Right? If we have to send snail mail, okay, so there's a higher cost to that.

UNIDENTIFIED AUDIENCE MEMBER: So have you considered paying a bounty to used car dealers?

DAVID FREAR: You know we haven't; we've tried that before. We tried it in the new car segment, and it's just not meaningful to them. Right? So in terms of claiming those commissions, the breakage rate looked like the breakage rate on mail-in rebates, where only 25%, 30% of the people actually come for the rebate. And it's because they're selling a car and we're only a $12.95 a month product. So if we offer a $10 or $20 stiff, they don't care. Right?

So that was one of the first things we tried early on and we found that it really just didn't work all that well. It wasn't -- it didn't motivate them to do something different. What does motivate them is that the customer perceives value in the product being there. So the smart salesman is including it in their pitch. See? It's going to help them sell the car.

UNIDENTIFIED AUDIENCE MEMBER: You could advertise on the radio.

DAVID FREAR: On AM and FM radio? Yes, it's a good idea, except sometimes they don't want to take our ads and I can't figure that out. (laughter)

UNIDENTIFIED PARTICIPANT: Any more questions from the audience? [SAC] costs in terms of the commentary that [SAC] (inaudible) goes down over time. Is that purely the shift to a greater percentage of customers coming in from used cars, where you've got an embedded radio? Or is it other things you're doing to bring [SAC] costs down over time?

DAVID FREAR: Well, in fact it's exactly the opposite. It's, for the most part, the other things. So putting aside the fact that we will have gross adds -- we do have gross adds. Today, we will have them in the future in a growing number that has zero [SAC]. Because once you put the radio in the car, it's there until the car is taken out of service.

There's just consumer electronics things that we can do. We get smarter every year about how to build chips, how to build radios, driving costs down. Volume goes up and so the overhead factors get absorbed better. If we can get all the OEMs on a single technology platform, right? Right now they're split between two. There's the Sirius technology, the XM technology. If we can get them all onto one platform, then you've got additional volume on that platform and you can drive costs down further.

So there's still -- as we look out and we plan this out over several years, I think for the next seven or eight years, that we'll drive down that the basic underlying cost of the radio module. And whatever we get in terms of zero dollar rated gross adds because they're reactivating the radios is gravy to help make the faster gross add declines be a little faster.

UNIDENTIFIED PARTICIPANT: When you think about all the trends that you've been talking about -- talk about fixed cost slates, good convergent base; you talked in the call about content costs coming down over time. You talked about SAC for gross adds coming down over time; the potential, I guess, for some ARPU. But just on the cost side, as you sort of think about that trajectory, is it pretty steady trajectory as you head towards that 40-plus percent margin? Is it pretty steady progress each year? Is there some lumpiness from year-to-year in that?

DAVID FREAR: You know, I would characterize this as maybe a little more steady than lumpy, that we do have some big-ticket items coming up -- for instance, there's a couple of pieces of programming, I'll leave them unnamed, that are due in 2015. There's a lot of money associated with them. And it's very good programming. We're hopeful to find more competitive rates out then. But there's just a lot of little stuff to do between now and then.

There are new economics on the GM contract that go into effect in October of 2013. That actually has fairly

meaningful impact on the EBITDA transition from 2013 to 2014. And -- but for the most part, I think you can think of it as a pretty steady progression.

UNIDENTIFIED PARTICIPANT: So, sometimes I get a little math-challenged, so I'm hoping you're going to be able to help me. So I'm looking at your guidance, 2011, so 2010, your free cash flow $210 million. You said CapEx will drop by $90 million because of less satellite CapEx in 2011. So that will put me at a baseline of $300 million. Your guidance for 2011 is $300 million for cash flow. Shouldn't there be growth in the core operations as well?

DAVID FREAR: Yes, so there's -- we had more cash flow in 2010 than we expected, largely due to just timing of working capital items. So we actually had a couple of big receipts that we thought should have come in in January, that showed up in December. I always like that. We had some big disbursements that we had thought were going to go out in December went out in January.

So there's just a little bit of normal working capital timing swinging in there. And then you also have the fact that we're now paying major league baseball again in cash, right, which we weren't during in the previous year. So that's working against it a little bit. But all in all, we feel good about the guidance. We feel good about getting the $300 million in free cash flow. It's a good trend and certainly we expect it to accelerate after that.

UNIDENTIFIED PARTICIPANT: So those are actually better underlying answers than I expected so I'm going to try again with EBITDA. So EBITDA guidance, $715 million. So that's up about, what, $100 million or so year-over-year. You highlighted in the call that EBITDA improved $750 million in the last two years. So [that takes] us to $380 million a year. So that's a pretty big slowdown in terms of the pace of operating leverage or the pace of EBITDA improvement. So, is EBITDA at this point, is that based on a conservative pace for 2011?

DAVID FREAR: Well, I think that -- certainly, as you look at 2009 and 2010, the growth in revenue with that 70% contribution margin, right, a lot of it drops down to EBITDA. That you're looking at a lot of price actions in those years. So raising prices on second, third, fourth radios from $6.99 to $8.99; you're getting a new charge for streaming the introduction of US music recovery fee in the middle of 2009, kind of really taking revenues up pretty quickly.

In December, we actually reduced the US news royalty fees from $1.98 to $1.40. We've got to be sure not to over-recover what we're allowed to recover under the merger order. So you don't have that same dynamic of increasing ARPU in 2011 compared to 2010. So that's kind of retarding that historical growth a little bit.

All that being said, even without all of that, we're looking for an expansion of EBITDA margin despite the fact that auto sales continue to ramp. And a lot of things to bear in mind with us is that you've got to look at not just what you think is happening with auto sales this year, but next year. Because you have to build the cars in advance of the sale, and so if you're thinking that North American automobile sales are going to ramp up towards the end of the year and ramp higher in 2012, you have to build that fact into 2011. So it's a little bit of front-end loading of the cost and again for the retardance EBITDA growth ahead of the revenue growth.

UNIDENTIFIED PARTICIPANT: And just for clarification on the US recovery fees, so that actually drove EBITDA in 2010? (multiple speakers) Was that a timing issue, in terms of when you had the expense versus when you brought the revenue in?

DAVID FREAR: Yes. So the rates were raised on us back in 2008 retroactive to 2007, and -- but we weren't allowed to begin recovering the increased costs until the middle of 2009. So there was some catch-up that was being done there. As it turns out, in trying to figure out how to set that rate, there are all sorts of variables that we've got to forecast in terms of subscriber growth, mix between OEM and retail, and all these other things. And we had to make sure not to over-recover during -- before the merger order prior to what the FCC had specified we're allowed to do. So we had to make an adjustment in December to make sure that we stay on top of that.

UNIDENTIFIED PARTICIPANT: So we should make sure the work does smooth that out?

DAVID FREAR: Yes.

UNIDENTIFIED PARTICIPANT: We're actually over, but I'm actually probably ask one more quick question on Liberty. Is -- Liberty being a 40% inhibitor or you buy back stock aggressively starting March 2012 with sort of the shackles come off?

DAVID FREAR: So we haven't had the discussion with the Board yet about what to do. We're -- it's sort of -- the timing is not quite right yet. We certainly are aware that we're going to generate a lot of cash flow and there's the opportunity to buy back stock in the future.

But until we get to three years from the date that Liberty made its investment, we still have to be cognizant of a change of control under [382]. We don't want to impair our ability to use the NOL. So when we get to about a year from now, we'll reach the end of that three-year window, and then Liberty -- the change of control numbers get basically set back to zero. Right?

So then we don't have to worry about that any more. And the next thing would be -- for the Board to consider is, one, what do we believe is good for the stockholders as a whole? And two, do we believe that there's any conflict between Liberty's position and the stockholders at large. And that's something we'll consider maybe in the future. I think it's likely one way or another that shareholders will see substantial returns of capital in 2012 and forward.

UNIDENTIFIED PARTICIPANT: Great. With that, thank you very much.

DAVID FREAR: Thank you.

LOAD-DATE: March 15, 2011

EXHIBIT 8

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April 27, 2011

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VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington D.C. 20554

Re: Notice of *Ex Parte* Presentation; Consolidated Application for Authority to Transfer Control of XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc., MB Docket No. 07-57

Dear Ms. Dortch:

In accordance with Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, this letter notifies the Commission that on April 26, 2011, I spoke with Sherrese Smith, Legal Advisor for Media, Consumer and Enforcement Issues in Chairman Genachowski's Office. During this conversation, we reviewed the comments and reply comments filed in the Sirius XM rate proceeding. Specifically, we discussed Sirius XM's position that the record does not support a continued rate freeze and, as such, the FCC should act quickly with regard to the Public Notice issued by the Media Bureau on this issue in a way that would allow the existing rate freeze to expire by its own terms. We also discussed Sirius XM's position that the order should resolve the issues raised in the FCC's Public Notice in this proceeding.

Respectfully,

/s/ Robert L. Pettit
Robert L. Pettit
Counsel for Sirius XM Radio Inc.

cc: Sherrese Smith, Esquire

EXHIBIT 9

Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, MARCH 24, 2008
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

STATEMENT OF THE DEPARTMENT OF JUSTICE ANTITRUST DIVISION ON ITS DECISION TO CLOSE ITS INVESTIGATION OF XM SATELLITE RADIO HOLDINGS INC.'S MERGER WITH SIRIUS SATELLITE RADIO INC.

Evidence Does Not Establish that Combination of Satellite Radio Providers Would Substantially Reduce Competition

WASHINGTON — The Department of Justice's Antitrust Division issued the following statement today after announcing the closing of its investigation into the proposed merger of XM Satellite Radio Holdings Inc. with Sirius Satellite Radio Inc.:

"After a careful and thorough review of the proposed transaction, the Division concluded that the evidence does not demonstrate that the proposed merger of XM and Sirius is likely to substantially lessen competition, and that the transaction therefore is not likely to harm consumers. The Division reached this conclusion because the evidence did not show that the merger would enable the parties to profitably increase prices to satellite radio customers for several reasons, including: a lack of competition between the parties in important segments even without the merger; the competitive alternative services available to consumers; technological change that is expected to make those alternatives increasingly attractive over time; and efficiencies likely to flow from the transaction that could benefit consumers.

"The Division's investigation indicated that the parties are not likely to compete with respect to many segments of the satellite radio business even in the absence of the merger. Because customers must acquire equipment that is specialized to the satellite radio service to which they subscribe, and which cannot receive the other provider's signal, there has never been significant competition for customers who have already subscribed to one or the other service. For potential new subscribers, past competition has resulted in XM and Sirius entering long-term, sole-source contracts that provide incentives to all of the major auto manufacturers to install their radios in new vehicles. The car manufacturer channel accounts for a large and growing share of all satellite radio sales; yet, as a result of these contracts, there is not likely to be significant further competition between the parties for satellite radio equipment and service sold through this channel for many years. In the retail channel, where the parties likely would continue to compete to attract new subscribers absent the merger, the Division found that the evidence did not support defining a market limited to the two satellite radio firms that would exclude various alternative sources for audio entertainment, and similarly did not establish that the combined firm could profitably sustain an increased price to satellite radio consumers. Substantial cost savings likely to flow from the transaction also undermined any inference of

competitive harm. Finally, the likely evolution of technology in the future, including the expected introduction in the next several years of mobile broadband Internet devices, made it even more unlikely that the transaction would harm consumers in the longer term. Accordingly, the Division has closed its investigation of the proposed merger."

ANALYSIS

During the course of its investigation, the Division reviewed millions of pages of documents, analyzed large amounts of data related to sales of satellite radios and subscriptions for satellite radio service, and interviewed scores of industry participants.

Extent of Likely Future Competition between XM and Sirius

The Division's analysis considered the extent to which the two satellite radio providers compete with one another. Although the firms in the past competed to attract new subscribers, there has never been significant competition between them for customers who have already subscribed to one or the other service and purchased the requisite equipment. Also, competition for new subscribers is likely to be substantially more limited in the future than it was in the past.

As to existing subscribers, the Division found that satellite radio equipment sold by each company is customized to each network and will not function with the other service. XM and Sirius made some efforts to develop an interoperable radio capable of receiving both sets of satellite signals. Depending on how such a radio would be configured, it could enable consumers to switch between providers without incurring the costs of new equipment. The Division's investigation revealed, however, that no such interoperable radio is on the market and that such a radio likely would not be introduced in the near term. For example, in the important automotive channel, such a radio could not be introduced in the near term due to the engineering required to integrate radios into new vehicles. The need for equipment customized to each network means that in order to switch from XM to Sirius, or vice versa, a subscriber would have to purchase new equipment designed for the other service. In the case of a factory-installed car radio, switching satellite radio providers would have the additional disadvantage of requiring an aftermarket radio that would be less integrated into the vehicle's systems. Data analyzed by the Division confirmed that subscribers rarely switch between XM and Sirius.

As to new subscribers, XM and Sirius sell satellite radios and service primarily through two distribution channels: (1) car manufacturers that install the equipment in new cars and (2) mass-market retailers that sell automobile aftermarket equipment and other stand-alone equipment. Car manufacturers account for an increasingly large portion of XM and Sirius sales, and the parties have focused more and more of their resources on attracting subscribers through the car manufacturer channel. Historically, XM and Sirius engaged in head-to-head competition for the right to distribute their products and services through each car company. As a result of this competitive process, XM and Sirius have provided car manufacturers with subsidies and other payments that indirectly reduce the equipment prices paid by car buyers to obtain a satellite radio. However, XM and Sirius have entered into sole-source contracts with all the major automobile manufacturers that fix the amount of these subsidies and other pertinent terms

through 2012 or beyond. Moreover, there was no evidence that competition between XM or Sirius beyond the terms of these contracts would affect customers' choices of which car to buy. As a result, there is not likely to be significant competition between XM and Sirius for satellite radio equipment and service sold through the car manufacturer channel for many years.

The Division's investigation identified the mass-market retail channel as an arena in which XM and Sirius would compete with one another for the foreseeable future. Both XM and Sirius devote substantial effort and expense to attracting subscribers in this arena, with both companies offering discounts, most commonly in the form of equipment rebates, to attract consumers. Retail channel sales have dropped significantly since 2005, and the parties contended that the decline was accelerating. However, retail outlets still account for a large portion of the firms' sales, and the Division was unable to determine with any certainty that this channel would not continue to be important in the future.

Effect on Competition in the Retail Channel

Because XM and Sirius would no longer compete with one another in the retail channel following the merger, the Division examined what alternatives, if any, were available to consumers interested in purchasing satellite radio service, and specifically whether the relevant market was limited to the two satellite radio providers, such that their combination would create a monopoly. The parties contended that they compete with a variety of other sources of audio entertainment, including traditional AM/FM radio, HD Radio, MP3 players (*e.g.*, iPods®), and audio offerings delivered through wireless telephones. Those options, used individually or in combination, offer many consumers attributes of satellite radio service that they may find attractive. The parties further contended that these audio entertainment alternatives were sufficient to prevent the merged company from profitably raising prices to consumers in the retail channel – for example, through less discounting of equipment prices, increased subscription prices, or reductions in the quality of equipment or service.

The Division found that evidence developed in the investigation did not support defining a market limited to the two satellite radio firms, and similarly did not establish that the combined firm could profitably sustain an increased price to satellite radio consumers. XM and Sirius seek to attract subscribers in a wide variety of ways, including by offering commercial-free music (with digital sound quality), exclusive programming (such as Howard Stern on Sirius and "Oprah & Friends" on XM), niche music formats, out-of-market sporting events, and a variety of news and talk formats in a service that is accessible nationwide. The variety of these offerings reflects an effort to attract consumers with highly differentiated interests and tastes. Thus, while the satellite radio offerings of XM and Sirius likely are the closest substitutes for some current or potential customers, the two offerings do not appear to be the closest substitutes for other current or potential customers. For example, a potential customer considering purchasing XM service primarily to listen to Major League Baseball games or one considering purchasing Sirius service primarily to listen to Howard Stern may not view the other satellite radio service, which lacks the desired content, as a particularly close substitute. Similarly, many customers buying radios in the retail channel are acquiring an additional receiver to add to an existing XM or Sirius subscription for their car radio, and these customers likely would not respond to a price increase

by choosing a radio linked to the other satellite radio provider. The evidence did not demonstrate that the number of current or potential customers that view XM and Sirius as the closest alternatives is large enough to make a price increase profitable. Importantly in this regard, the parties do not appear to have the ability to identify and price discriminate against those actual or potential customers that view XM and Sirius as the closest substitutes.

Likely Efficiencies

To the extent there were some concern that the combined firm might be able profitably to increase prices in the mass-market retail channel, efficiencies flowing from the transaction likely would undermine any such concern. The Division's investigation confirmed that the parties are likely to realize significant variable and fixed cost savings through the merger. It was not possible to estimate the magnitude of the efficiencies with precision due to the lack of evidentiary support provided by XM and Sirius, and many of the efficiencies claimed by the parties were not credited or were discounted because they did not reflect improvements in economic welfare, could have been achieved without the proposed transaction, or were not likely to be realized within the next several years. Nevertheless, the Division estimated the likely variable cost savings – those savings most likely to be passed on to consumers in the form of lower prices – to be substantial. For example, the merger is likely to allow the parties to consolidate development, production and distribution efforts on a single line of radios and thereby eliminate duplicative costs and realize economies of scale. These efficiencies alone likely would be sufficient to undermine an inference of competitive harm.

Effect of Technological Change

Any inference of a competitive concern was further limited by the fact that a number of technology platforms are under development that are likely to offer new or improved alternatives to satellite radio. Most notable is the expected introduction within several years of next-generation wireless networks capable of streaming Internet radio to mobile devices. While it is difficult to predict which of these alternatives will be successful and the precise timing of their availability as an attractive alternative, a significant number of consumers in the future are likely to consider one or more of these platforms as an attractive alternative to satellite radio. The likely evolution of technology played an important role in the Division's assessment of competitive effects in the longer term because, for example, consumers are likely to have access to new alternatives, including mobile broadband Internet devices, by the time the current long-term contracts between the parties and car manufacturers expire.

The Division's Closing Statement Policy

The Division provides this statement under its policy of issuing statements concerning the closing of investigations in appropriate cases. This statement is limited by the Division's

obligation to protect the confidentiality of certain information obtained in its investigations. As in most of its investigations, the Division's evaluation has been highly fact-specific, and many of the relevant underlying facts are not public. Consequently, readers should not draw overly broad conclusions regarding how the Division is likely in the future to analyze other collaborations or activities, or transactions involving particular firms. Enforcement decisions are made on a case-by-case basis, and the analysis and conclusions discussed in this statement do not bind the Division in any future enforcement actions. Guidance on the Division's policy regarding closing statements is available at: http://www.usdoj.gov/atr/public/guidelines/201888.htm.

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08-226

EXHIBIT 10

Rate Increase and Other Revenue Opportunities

Revenue and Cash Flow from a rate increase as well as other Revenue enhancements are important contributors to XM's plan to deliver positive Operating Cash Flow and improve EBITDA in 2007.

- A rate increase (consisting of a $2 base and $1 family plan increase rate) is expected to generate $135M in operating cash flow and $33M in EBITDA when executed on October 1, 2007. These results are based on our experience with the 2005 rate increase.
- Additional incremental revenue from fee enhancements and billing modifications can generate an additional $14M (e.g., activation fee enforcement, upgrade swap fee, early termination fee, mid-month bill cycle refund discontinuance, etc.)